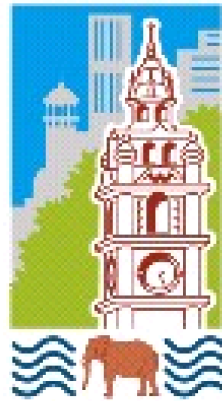


CITY OF CHOICE



**PIETERMARITZBURG
MSUNDUZI**

**THE MSUNDUZI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Legal form of entity	Category B Municipality in terms of section 1 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	<p>The primary function of the Msunduzi Municipality is to provide basic services i.e. water, electricity, sanitation, and refuse to the Msunduzi jurisdiction.</p> <p>The Msunduzi Municipality is controlled by a Mayor, Deputy Mayor, the Accounting Officer, Speaker, ten Executive Committee members and five General Managers who contribute to day-to-day management.</p>
Grading of local authority	Category - B
Controlling entity	The Msunduzi Municipality
Municipal entity	Safe City Msunduzi (Pty) Ltd
Registered office	The City Hall 260 Church Street Pietermaritzburg 3201
Business address	The City Hall 260 Church Street Pietermaritzburg 3201
Postal address	The City Hall Private Bag X321 3200
Telephone	(033) 392 2206
Facsimile	(033) 392 2208
Bankers	First National Bank
Auditor	The Auditor General of South Africa
Website	www.msunduzi.gov.za
Accounting Officer	Sizwe Hadebe
Chief Finance Officer (CFO)	Nelisiwe Margret Ngcobo
Legislation governing the municipality's operations	Municipal Finance Management Act, (Act 56 of 2003) The Constitution of the Republic of South Africa (Act 108 of 1996), Municipal Structures Act (Act 117 of 1998) Municipal Systems Act, (Act 32 of 2000)
Executive Committee	Mayor - Njilo Mduduzi Jerome Deputy Mayor - Zuma Thobani Reginald Dlamini Tholakele Ignatia Khumalo Sphamandla Dennis Magubane Vusumuzi Truman - Chief Whip Majola Jerome Sibongiseni Majola Nomagugu Eunice Mc Arthur Glenn Robert

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Councillors

Msimang Prudence Nokuthula
Ntombela Thinasonke Dennis
Sithole Philiswe
Ahmed Najmah Banu
Ahmed Rooksana
Amod Michael Ismail
Atkins Shawn
Atwaru Naleni
Chetty Claudell Milany
Dlamini Ambrosia Sibongile
Dlamini Godman Nkosivelile
Dlamini Sandile Wellington
Dlela Nomalady Eleanor
Duma Prince Dumisa
Gambu Nkosinathi Chasewell
Goga Mohammed Salim
Gwala Nelisiwe Jennet
Gwala Sindisiwe Cydy
Inderjit Manilal
Jugmohan Renesha
Lambert William Francis
Lyne Sandra Patricia
Madlala Linda Linford
Madlala Siphamandla Sydney
Madonda Siphon Innocent
Madondo Ignatia Thandiwe
Majola Sboniso Terrence
Mbanjwa Nkosinathi Maxwell
Mhlongo Snothi Raphael
Mkhize Dorcas Sibongile
Mkhize Mtuza Bhekthemba
Mncwango Gladness Sibongile
Molefe Thabiso Patrick
Mkhize Nkululeko Fortune
Mtshali Blessing Sbusiso
Ndawonde Sipiwe Caiphas
Ndlovu Nelisiwe Zanele
Nene Jabulani
Nene S'fiso Derrick
Ngcobo Jeffrey Mbuyiselwa
Ngcobo Kathrine Malindi
Ngongoma Xolani Ellington
Ngubane Sandile Duncan
Ngube Gugu Mary-Jane
Ngubo Jabulisile Joyce - Speaker
Ngubo Manqoba
Ngubo Zinhle Regina
Nhlabathi Bongumusa Cyril
Niemand Rienus
Ntombela Ethel Zodwa

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

General Information

Ntshangase Ntuthuko
Oumar Mehmood-UI Hassan
Phungula Dumisani Bernard
Schalkwyk Mary
Shange Sandile Cyril
Singh Melika
Sithole Thamsanqa Wonderboy
Sivnath Rajdave
Sokhela Balozile Cynthia
Sokhela Mansizwa Simon
Soobiah Rachel
Strachan Ross Bryan
Winterbach Ludwig Johann
Zondi Dolo Phillip
Zondi Hamilton Mlungisi
Zondo Makhosazane Precious
Zuma Bukelani Ephraim
Zuma Michael Bhekabantu
Zungu Ningi Jostinah
Zungu Thandiwe Rose

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Abbreviations

ASB	Accounting Standards Board
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Officer's Responsibilities and Approval

Certification by the City Manager

I am responsible for the preparation of these annual financial statements which set out on page 1 to 131, in terms of Section 126(1) of the Municipal Finance Management Act (56 of 2003) and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 50 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearer Act and the Minister of Provincial and Local Governments determination in accordance with this Act.


Accounting Officer
City Manager

(31/08/2018)

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	464,085,657	674,766,997
Consumer debtors	4	1,346,513,563	1,010,800,351
Inventories	5	76,793,052	59,599,470
Receivables from exchange transactions	6	28,319,045	81,966,121
Receivables from non exchange transactions	7	36,514,653	31,483,422
Short term investment	8	8,981,927	8,799,357
		1,961,207,897	1,867,415,718
Non-Current Assets			
Agricultural assets	9	63,863,790	54,067,677
Heritage assets	10	226,835,646	226,212,346
Intangible assets	11	41,752,452	50,602,956
Investment property	12	718,291,602	708,752,912
Living resources	13	928,494	769,726
Property plant and equipment	14	7,207,673,390	7,062,054,555
Other financial assets	15	9,944,611	9,944,611
		8,269,289,985	8,112,404,783
Total Assets		10,230,497,882	9,979,820,501
Liabilities			
Current Liabilities			
Consumer deposits	16	103,713,767	101,381,633
Finance lease obligation	17	-	346,586
Other financial liabilities	18	84,512,317	79,368,332
Payables from exchange transactions	19	945,647,956	744,972,092
Provisions	20	10,628,923	8,721,425
Retirement benefit obligation	21	25,880,067	23,038,692
Unspent conditional grants and receipts	22	122,349,562	80,276,486
VAT payable	23	81,342,959	12,156,198
		1,374,075,551	1,050,261,444
Non-Current Liabilities			
Other financial liabilities	18	451,226,205	535,738,525
Provisions	20	128,207,247	117,979,254
Retirement benefit obligation	21	603,974,632	608,579,819
		1,183,408,084	1,262,297,598
Total Liabilities		2,557,483,635	2,312,559,042
Net Assets		7,673,014,247	7,667,261,459
Accumulated surplus	24	7,441,379,603	7,371,413,430
Reserves			
Capital replacement reserve (CRR)	25	92,323,393	164,290,005
Housing development fund	26	87,653,806	80,530,079
Revaluation reserve	27	51,657,445	51,027,945
Total Net Assets		7,673,014,247	7,667,261,459

* See Note 65

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Agency services	29	2,577,730	2,997,556
Interest - consumer debtors and receivables	30	192,218,488	120,869,107
Interest - bank, call and investment accounts	30	39,046,190	53,631,477
Licences and permits	31	901,053	520,627
Operational revenue	32	68,509,952	68,455,633
Rental of facilities and equipment	33	27,295,067	26,144,056
Rendering of services	34	8,884,320	11,165,945
Sale of goods	35	433,499	17,405,859
Service charges	36	2,709,165,355	2,537,578,909
Total revenue from exchange transactions		3,049,031,654	2,838,769,169
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	37	863,739,575	793,014,215
Transfer revenue			
Fines, penalties and forfeits	38	14,284,733	17,813,254
Government grants & subsidies	39	928,344,709	933,418,434
Other transfers	40	14,897,250	16,323,701
Total revenue from non-exchange transactions		1,821,266,267	1,760,569,604
Total revenue		4,870,297,921	4,599,338,773
Expenditure			
Bad debts written off	41	(849,890)	(40,800,039)
Bulk purchases	42	(1,956,998,980)	(1,866,282,816)
Contracted services	43	(619,009,304)	(556,405,754)
Depreciation and amortisation	44	(465,428,234)	(597,067,585)
Employee related costs	45	(1,120,867,733)	(1,053,626,565)
Finance costs	46	(63,181,252)	(68,463,041)
Inventory consumed	47	(69,227,304)	(46,024,976)
Operational cost	48	(112,122,833)	(155,877,653)
Operating leases	49	(42,112,234)	(46,104,919)
Remuneration of councillors	50	(45,020,093)	(43,574,297)
Transfers and subsidies	51	(25,890,640)	(49,752,797)
Total expenditure		(4,520,708,497)	(4,523,980,442)
Operating surplus		349,589,424	75,358,331
Fair value adjustments on investment property	52	9,538,690	128,979,872
Gains/(Losses) on agricultural assets and living resources	53	9,954,881	(4,255,584)
Impairment of consumer and other debtors	54	(349,274,392)	(510,440,038)
Impairment loss relating to non-current assets	55	(3,728,759)	(8,638,561)
Inventories losses	56	(4,743,012)	(15,779,884)
Loss on disposal of assets	57	(871,236)	(1,304,192)
		(339,123,828)	(411,438,387)
Surplus (deficit) for the year		10,465,596	(336,080,056)

* See Note 65

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Housing development fund	Capital replacement reserve	Revaluation reserve	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2016	76,525,166	151,935,999	52,129,999	280,591,164	7,473,388,292	7,753,979,456
Changes in net assets						
Transfer to HDF	3,046,605	-	-	3,046,605	-	3,046,605
Transfer out of revaluation reserve	-	-	(1,101,200)	(1,101,200)	-	(1,101,200)
Transfer to CRR	-	12,354,006	-	12,354,006	-	12,354,006
Effects of prior period error	958,308	-	(854)	957,454	234,105,194	235,062,648
Net income (losses) recognised directly in net assets	4,004,913	12,354,006	(1,102,054)	15,256,865	234,105,194	249,362,059
Deficit for the year	-	-	-	-	(336,080,056)	(336,080,056)
Total recognised income and expenses for the year	4,004,913	12,354,006	(1,102,054)	15,256,865	(101,974,862)	(86,717,997)
Total changes	4,004,913	12,354,006	(1,102,054)	15,256,865	(101,974,862)	(86,717,997)
Restated* Balance at 01 July 2017	80,530,079	164,290,005	51,027,945	295,848,029	7,371,413,430	7,667,261,459
Changes in net assets						
Transfer to HDF	(5,342,308)	-	-	(5,342,308)	-	(5,342,308)
Revaluation of heritage assets	-	-	629,500	629,500	-	629,500
Cash utilised for capital expenditure	-	(80,439,527)	-	(80,439,527)	80,439,527	-
Net income (losses) recognised directly in net assets	(5,342,308)	(80,439,527)	629,500	(85,152,335)	80,439,527	(4,712,808)
Surplus for the year	-	-	-	-	10,465,596	10,465,596
Total recognised income and expenses for the year	(5,342,308)	(80,439,527)	629,500	(85,152,335)	90,905,123	5,752,788
Interest earned on investment account	2,466,035	8,472,915	-	10,938,950	(10,938,950)	-
Other transfers from KwaZulu-Natal Department of Human Settlement	10,000,000	-	-	10,000,000	(10,000,000)	-
Total changes	7,123,727	(71,966,612)	629,500	(64,213,385)	69,966,173	5,752,788
Balance at 30 June 2018	87,653,806	92,323,393	51,657,445	231,634,644	7,441,379,603	7,673,014,247
Note(s)	26	25	27		24	

* See Note 65

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		3,360,564,252	2,940,179,678
Government grants and subsidies		928,344,709	933,418,434
Interest revenue		231,264,678	174,500,584
		<u>4,520,173,639</u>	<u>4,048,098,696</u>
Payments			
Employee costs		(1,120,867,733)	(1,053,626,566)
Suppliers		(2,860,152,703)	(2,575,698,611)
Finance costs		(63,181,252)	(68,463,041)
		<u>(4,044,201,688)</u>	<u>(3,697,788,218)</u>
Net cash flows from operating activities	58	<u>475,971,951</u>	<u>350,310,478</u>
Cash flows from investing activities			
Purchase of property plant and equipment	14	(285,478,237)	(238,315,451)
Increase capital work in progress	14	(314,575,311)	(366,848,183)
Decrease in short term investments	8	(182,570)	(481,174)
Purchase of intangible assets	11	(8,968,380)	(23,899,771)
Increase in other financial assets	15	-	372,500
Additions to living resources	13	(66,006)	-
Net cash flows from investing activities		<u>(609,270,504)</u>	<u>(629,172,079)</u>
Cash flows from financing activities			
Movement in borrowings		(79,714,921)	(23,860,784)
Movement in consumer deposits		2,332,134	7,865,429
Net cash flows from financing activities		<u>(77,382,787)</u>	<u>(15,995,355)</u>
Net decrease in cash and cash equivalents		<u>(210,681,340)</u>	<u>(294,856,956)</u>
Cash and cash equivalents at the beginning of the year		674,766,997	969,623,953
Cash and cash equivalents at the end of the year	3	<u>464,085,657</u>	<u>674,766,997</u>

* See Note 65

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Agency services	713,000	-	713,000	2,577,730	1,864,730	Refer to note 28 for variance analysis comparison
Interest - consumer debtors and receivables	66,259,000	44,931,000	111,190,000	192,218,488	81,028,488	
Interest received - bank, call and investment accounts	52,424,000	(14,456,000)	37,968,000	39,046,190	1,078,190	
Licences and permits	97,000	5,669,000	5,766,000	901,053	(4,864,947)	
Operational revenue	267,351,000	(71,179,000)	196,172,000	68,509,952	(127,662,048)	
Rental of facilities and equipment	22,085,000	2,297,000	24,382,000	27,295,067	2,913,067	
Rendering of services	-	-	-	8,884,320	8,884,320	
Sale of goods	-	-	-	433,499	433,499	
Service charges	3,018,340,000	(137,487,000)	2,880,853,000	2,709,165,355	(171,687,645)	
Total revenue from exchange transactions	3,427,269,000	(170,225,000)	3,257,044,000	3,049,031,654	(208,012,346)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	849,846,000	-	849,846,000	863,739,575	13,893,575	
Transfer revenue						
Government grants & subsidies	589,271,000	30,305,000	619,576,000	928,344,709	308,768,709	
Fines, penalties and forfeits	71,432,000	(565,000)	70,867,000	14,284,733	(56,582,267)	
Other transfers	-	-	-	14,897,250	14,897,250	
Total revenue from non-exchange transactions	1,510,549,000	29,740,000	1,540,289,000	1,821,266,267	280,977,267	
Total revenue	4,937,818,000	(140,485,000)	4,797,333,000	4,870,297,921	72,964,921	
Expenditure						
Bad debts written off	(103,942,000)	(244,672,000)	(348,614,000)	(849,890)	347,764,110	
Bulk purchases	(2,050,950,000)	98,494,000	(1,952,456,000)	(1,956,998,980)	(4,542,980)	
Contracted services	(420,405,000)	(242,504,000)	(662,909,000)	(619,009,304)	43,899,696	
Depreciation and amortisation	(536,470,000)	66,506,000	(469,964,000)	(465,428,234)	4,535,766	
Employee related costs	(1,145,989,000)	(11,264,000)	(1,157,253,000)	(1,120,867,733)	36,385,267	
Finance costs	(62,129,000)	(1,978,000)	(64,107,000)	(63,181,252)	925,748	
Inventory consumed	(85,667,000)	17,831,000	(67,836,000)	(69,227,304)	(1,391,304)	
Operational costs	(444,351,000)	242,212,000	(202,139,000)	(112,122,833)	90,016,167	
Operating leases	-	-	-	(42,112,234)	(42,112,234)	
Remuneration of councillors	(45,185,000)	165,000	(45,020,000)	(45,020,093)	(93)	
Transfers and Subsidies	451,355,000	(91,413,000)	359,942,000	(25,890,640)	(385,832,640)	
Total expenditure	(4,443,733,000)	(166,623,000)	(4,610,356,000)	(4,520,708,497)	89,647,503	
Operating surplus	494,085,000	(307,108,000)	186,977,000	349,589,424	162,612,424	
Loss on disposal of assets	-	(871,000)	(871,000)	(871,236)	(236)	

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Impairment of consumer and traffic fines debtors	-	-	-	(349,274,392)	(349,274,392)	
Fair value adjustments on investment property	-	-	-	9,538,690	9,538,690	
Losses/gains on agricultural assets	-	-	-	9,954,881	9,954,881	
Inventories losses/write-downs	-	-	-	(4,743,012)	(4,743,012)	
Impairment loss	-	-	-	(3,728,759)	(3,728,759)	
	-	(871,000)	(871,000)	(339,123,828)	(338,252,828)	
Surplus before taxation	494,085,000	(307,979,000)	186,106,000	10,465,596	(175,640,404)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	494,085,000	(307,979,000)	186,106,000	10,465,596	(175,640,404)	

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	741,893,000	-	741,893,000	76,793,052	(665,099,948)	
Other financial assets	43,000	-	43,000	-	(43,000)	
Short term investment	929,931,000	(480,329,000)	449,602,000	8,981,927	(440,620,073)	
Receivables from non exchange transactions	376,444,000	-	376,444,000	36,514,653	(339,929,347)	
Receivables from exchange transactions	1,229,705,000	-	1,229,705,000	28,319,045	(1,201,385,955)	
Consumer debtors	-	-	-	1,346,513,563	1,346,513,563	
Cash and cash equivalents	100,000,000	-	100,000,000	464,085,657	364,085,657	
	3,378,016,000	(480,329,000)	2,897,687,000	1,961,207,897	(936,479,103)	

Non-Current Assets

Agricultural assets	46,520,000	-	46,520,000	63,863,790	17,343,790	
Investment property	356,914,000	-	356,914,000	718,291,602	361,377,602	
Property plant and equipment	7,181,022,000	195,647,000	7,376,669,000	7,207,673,390	(168,995,610)	
Living resources	-	-	-	928,494	928,494	
Intangible assets	27,283,000	-	27,283,000	41,752,452	14,469,452	
Heritage assets	-	-	-	226,835,646	226,835,646	
Other financial assets	188,463,000	-	188,463,000	9,944,611	(178,518,389)	
	7,800,202,000	195,647,000	7,995,849,000	8,269,289,985	273,440,985	

Total Assets	1,178,218,000	(284,682,000)	0,893,536,000	10,230,497,882	(663,038,118)	
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Liabilities

Current Liabilities

Payables from exchange transactions	1,210,493,000	(979,749,000)	230,744,000	945,647,956	714,903,956	
VAT payable	-	-	-	81,342,959	81,342,959	
Consumer deposits	-	106,451,000	106,451,000	103,713,767	(2,737,233)	
Retirement benefit obligation	-	-	-	25,880,067	25,880,067	
Unspent conditional grants and receipts	-	-	-	122,349,562	122,349,562	
Provisions	-	-	-	10,628,923	10,628,923	
Other financial liabilities	(79,368,000)	-	(79,368,000)	84,512,317	163,880,317	
	1,131,125,000	(873,298,000)	257,827,000	1,374,075,551	1,116,248,551	

Non-Current Liabilities

Other financial liabilities	432,631,000	-	432,631,000	451,226,205	18,595,205	
Retirement benefit obligation	-	-	-	603,974,632	603,974,632	
Provisions	784,208,000	-	784,208,000	128,207,247	(656,000,753)	
	1,216,839,000	-	1,216,839,000	1,183,408,084	(33,430,916)	

Total Liabilities	2,347,964,000	(873,298,000)	1,474,666,000	2,557,483,635	1,082,817,635	
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Net Assets	8,830,254,000	588,616,000	9,418,870,000	7,673,014,247	(1,745,855,753)	
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The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	-	-	-	51,657,445	51,657,445	
Capital replacement reserve	-	-	-	92,323,393	92,323,393	
Housing development fund	152,914,000	-	152,914,000	87,653,806	(65,260,194)	
Accumulated surplus	8,677,340,000	588,616,000	9,265,956,000	7,441,379,603	(1,824,576,397)	
Total Net Assets	8,830,254,000	588,616,000	9,418,870,000	7,673,014,247	(1,745,855,753)	

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	3,828,486,000	(202,748,000)	3,625,738,000	3,360,564,252	(265,173,748)	
Government grants and subsidies	999,023,000	(63,277,000)	935,746,000	928,344,709	(7,401,291)	
Interest revenue	106,814,000	27,428,000	134,242,000	231,264,678	97,022,678	
	4,934,323,000	(238,597,000)	4,695,726,000	4,520,173,639	(175,552,361)	
Payments						
Employee costs	-	-	-	(1,120,867,733)	(1,120,867,733)	
Suppliers	(4,033,513,000)	109,503,000	(3,924,010,000)	(2,860,152,703)	1,063,857,297	
Finance costs	(62,129,000)	5,897,000	(56,232,000)	(63,181,252)	(6,949,252)	
Government grants and subsidies	(8,901,000)	-	(8,901,000)	-	8,901,000	
	(4,104,543,000)	115,400,000	(3,989,143,000)	(4,044,201,688)	(55,058,688)	
Net cash flows from operating activities	829,780,000	(123,197,000)	706,583,000	475,971,951	(230,611,049)	
Cash flows from investing activities						
Purchase of property plant and equipment	(698,424,000)	(64,167,000)	(762,591,000)	(285,478,237)	477,112,763	
Capital work in progress	-	-	-	(314,575,311)	(314,575,311)	
Increase in short term investment	-	-	-	(182,570)	(182,570)	
Purchase of intangible assets	-	-	-	(8,968,380)	(8,968,380)	
Addition of living resources	-	-	-	(66,006)	(66,006)	
Net cash flows from investing activities	(698,424,000)	(64,167,000)	(762,591,000)	(609,270,504)	153,320,496	
Cash flows from financing activities						
Movement in borrowings	(79,368,000)	-	(79,368,000)	(79,714,921)	(346,921)	
Movement in consumer deposits	-	-	-	2,332,134	2,332,134	
Net cash flows from financing activities	(79,368,000)	-	(79,368,000)	(77,382,787)	1,985,213	
Net increase/(decrease) in cash and cash equivalents	51,988,000	(187,364,000)	(135,376,000)	(210,681,340)	(75,305,340)	
Cash and cash equivalents at the beginning of the year	677,947,000	-	677,947,000	674,766,997	(3,180,003)	
Cash and cash equivalents at the end of the year	729,935,000	(187,364,000)	542,571,000	464,085,657	(78,485,343)	

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2018											
Financial Performance											
Property rates	849,846,000	-	849,846,000	-		849,846,000	863,739,575		13,893,575	102 %	102 %
Service charges	3,018,339,000	(137,487,000)	2,880,852,000	-		2,880,852,000	2,709,165,355		(171,686,645)	94 %	90 %
Investment revenue	118,683,000	30,475,000	149,158,000	-		149,158,000	231,264,678		82,106,678	155 %	195 %
Transfers recognised - operational	589,271,000	30,305,000	619,576,000	-		619,576,000	534,424,026		(85,151,974)	86 %	91 %
Other own revenue	361,679,000	(63,778,000)	297,901,000	-		297,901,000	156,616,291		(141,284,709)	53 %	43 %
Total revenue (excluding capital transfers and contributions)	4,937,818,000	(140,485,000)	4,797,333,000	-		4,797,333,000	4,495,209,925		(302,123,075)	94 %	91 %
Employee costs	(1,145,989,000)	(11,264,000)	(1,157,253,000)	-	-	(1,157,253,000)	(1,120,867,733)	-	36,385,267	97 %	98 %
Remuneration of councillors	(45,185,000)	165,000	(45,020,000)	-	-	(45,020,000)	(45,020,093)	-	(93)	100 %	100 %
Debt impairment	(103,942,000)	(244,672,000)	(348,614,000)			(348,614,000)	(849,890)	-	347,764,110	- %	1 %
Depreciation and asset impairment	(536,470,000)	66,506,000	(469,964,000)			(469,964,000)	(469,156,993)	-	807,007	100 %	87 %
Finance charges	(62,129,000)	(1,978,000)	(64,107,000)	-	-	(64,107,000)	(63,181,252)	-	925,748	99 %	102 %
Materials and bulk purchases	(2,050,950,000)	98,494,000	(1,952,456,000)	-	-	(1,952,456,000)	(1,956,998,980)	-	(4,542,980)	100 %	95 %
Transfers and subsidies	(8,901,000)	(42,514,000)	(51,415,000)	-	-	(51,415,000)	(25,890,640)	-	25,524,360	50 %	291 %
Other expenditure	(950,424,000)	16,668,000	(933,756,000)	-	-	(933,756,000)	(1,196,699,431)	-	(262,943,431)	128 %	126 %
Total expenditure	(4,903,990,000)	(118,595,000)	(5,022,585,000)	-	-	(5,022,585,000)	(4,878,665,012)	-	143,919,988	97 %	99 %
Surplus/(Deficit)	33,828,000	(259,080,000)	(225,252,000)	-		(225,252,000)	(383,455,087)		(158,203,087)	170 %	(1,134)%

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	460,257,000	(48,899,000)	411,358,000	-		411,358,000	393,920,683		(17,437,317)	96 %	86 %
Surplus (Deficit) after capital transfers and contributions	494,085,000	(307,979,000)	186,106,000	-		186,106,000	10,465,596		(175,640,404)	6 %	2 %
Surplus/(Deficit) for the year	494,085,000	(307,979,000)	186,106,000	-		186,106,000	10,465,596		(175,640,404)	6 %	2 %
Capital expenditure and funds sources											
Total capital expenditure	698,424,000	-	698,424,000	-		698,424,000	584,184,279		(114,239,721)	84 %	84 %
Sources of capital funds											
Transfers recognised - capital	460,257,000	(48,348,000)	411,909,000	-		411,909,000	356,589,908		(55,319,092)	87 %	77 %
Borrowing	38,800,000	50,000,000	88,800,000	-		88,800,000	88,896,143		96,143	100 %	229 %
Internally generated funds	199,367,000	62,516,000	261,883,000	-		261,883,000	138,698,228		(123,184,772)	53 %	70 %
Total sources of capital funds	698,424,000	64,168,000	762,592,000	-		762,592,000	584,184,279		(178,407,721)	77 %	84 %

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	829,780,000	(123,197,000)	706,583,000	-		706,583,000	475,971,951		(230,611,049)	67 %	57 %
Net cash from (used) investing	(698,424,000)	(64,167,000)	(762,591,000)	-		(762,591,000)	(609,270,504)		153,320,496	80 %	87 %
Net cash from (used) financing	(79,368,000)	-	(79,368,000)	-		(79,368,000)	(77,382,787)		1,985,213	97 %	97 %
Net increase/(decrease) in cash and cash equivalents	51,988,000	(187,364,000)	(135,376,000)	-		(135,376,000)	(210,681,340)		(75,305,340)	156 %	(405)%
Cash and cash equivalents at the beginning of the year	677,947,000	-	677,947,000	-		677,947,000	674,766,997		(3,180,003)	100 %	100 %
Cash and cash equivalents at year end	729,935,000	(187,364,000)	542,571,000	-		542,571,000	464,085,657		78,485,343	86 %	64 %

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2017				
Financial Performance				
Property rates				793,014,215
Service charges				2,537,578,909
Investment revenue				174,500,584
Transfers recognised - operational				436,141,394
Other own revenue				289,806,503
Total revenue (excluding capital transfers and contributions)				4,231,041,605
Employee costs	-	-	-	(1,053,626,565)
Remuneration of councillors	-	-	-	(43,574,297)
Debt impairment	-	-	-	(40,800,039)
Depreciation and asset impairment	-	-	-	(605,706,146)
Finance charges	-	-	-	(68,463,041)
Materials and bulk purchases	-	-	-	(1,866,282,816)
Transfers and grants	-	-	-	(49,752,797)
Other expenditure	-	-	-	(1,336,193,000)
Total expenditure	-	-	-	(5,064,398,701)
Surplus/(Deficit)				(833,357,096)
Transfers recognised - capital				497,277,040
Surplus (Deficit) after capital transfers and contributions				(336,080,056)
Surplus/(Deficit) for the year				(336,080,056)

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Capital expenditure and funds sources				
Total capital expenditure				649,184,709
Sources of capital funds				
Transfers recognised - capital				400,234,108
Borrowing				40,245,431
Internally generated funds				208,705,170
Total sources of capital funds				649,184,709
Cash flows				
Net cash from (used) operating				350,310,478
Net cash from (used) investing				(629,172,079)
Net cash from (used) financing				(15,995,355)
Net increase/(decrease) in cash and cash equivalents				(294,856,956)
Cash and cash equivalents at the beginning of the year				969,623,953
Cash and cash equivalents at year end				674,766,997

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). The reporting framework is as prescribed by the Accounting Standards Board in Directive 5.

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

The accounting policies applied are consistent with those used to previous period.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements. Significant judgements include:

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The reporting date reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 - Provisions.

Useful lives of Property Plant and Equipment

The municipality's management determines the estimated useful lives and related depreciation charges for all assets. These estimates are based on the National Treasury Guideline Template. Management will increase or decrease the depreciation charge where useful lives are less or more than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 21.- Retirement benefit obligations.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Budget information

Deviation between budget and actual amounts exceeding 10 percent are obtained monthly for the preparation of the Section 71 reporting and used during the audit process.

1.4 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.5 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.6 Agricultural assets

The entity recognises an agricultural assets or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Agricultural assets are measured at their fair value less costs to sell.

The fair value of the tree plantations is based on the combined fair value of the land and the trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the trees.

A gain or loss arising on initial recognition of agricultural assets or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a agricultural assets is included in surplus or deficit for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.7 Living resources

Living resources are initially measured at cost and at fair value if acquired through a non-exchange transaction. Subsequent costs shall only be recognised in the carrying amount if service potential associated with the game animals.

Subsequently living resources are carried at revalued amount less accumulated impairment.

1.8 Heritage assets

Assets are resources controlled by a municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Heritage assets are measured at cost less impairment except for Artworks.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 10).

The municipality measures Artwork at fair value.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.8 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.9 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.9 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless there is a commitment by a third party to acquire the asset at the end of its useful life or there is an active market for the asset and it is probable that such a market will exist at the end of the asset's useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 - 5 years
Servitudes	Straight line	Indefinite

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

1.10 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.10 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 12).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 12).

1.11 Property plant and equipment

Property plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property plant and equipment is initially measured at cost.

The cost of an item of property plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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Accounting Policies

1.11 Property plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at depreciated replacement cost, being the cost at the date of assessment less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Assessments are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using cost at the reporting period.

The useful lives of items of property plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Infinite
Roads	Straight line	5 - 100 years
System security	Straight line	5 - 10 years
Storm water drainage	Straight line	25 - 120 years
Airport infrastructure	Straight line	20 years
Solid waste	Straight line	5 - 50 years
Water and sanitation	Straight line	10 - 100 years
Major substations:buildings	Straight line	5 - 50 years
Transformers and related equipment	Straight line	50 years
Mains	Straight line	45 years
Street lighting	Straight line	50 years
Buildings	Straight line	5 - 50 years
Recreational facilities	Straight line	5 - 50 years
Fresh produce and other markets	Straight line	5 - 50 years
Fire engines	Straight line	20 years
Landfill site	Straight line	5 - 50 years
Transport facilities	Straight line	5 - 50 years
Fencing	Straight line	10 years
Heavy and mobile plant	Straight line	10 - 15 years
Furniture and fittings	Straight line	7 - 10 years
Vehicles	Straight line	5 - 10 years
Bins and containers	Straight line	5 - 10 years
Plant and equipment	Straight line	5 - 15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The Msunduzi Municipality

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Accounting Policies

1.12 Capital under construction

Incomplete construction work is recognised as capital under construction and measured at cost. Depreciation only commences when the asset is commissioned into use.

1.13 Commitments

A commitment is a binding agreement to undertake operating and capital expenditure at some set time in the future which has not yet become an actual liability.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.14 Financial instruments

Classification

The municipality classifies financial assets and liabilities into the following categories:

- * Loans and receivables
- * Financial liabilities
- * Cash and cash equivalents

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Class

Receivables from exchange transactions
Receivables from non exchange transactions
Consumer debtors
Short term investment
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class

Payables from exchange transactions
Consumer deposits
Unspent conditional grants
Other financial liabilities
Finance lease obligation

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instrument.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The Msunduzi Municipality

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Accounting Policies

1.15 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.16 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with all of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.17 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Accounting Policies

1.17 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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Accounting Policies

1.19 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01-07-2017 to 30-06-2018.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.20 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.21 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

The Msunduzi Municipality

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Accounting Policies

1.21 Employee benefits (continued)

Post-employment benefits

The municipality provides retirement benefits for its employees and councillors. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Natal Joint Provident, Dynamique Ambrella (Pietermaritzburg Provident Fund) and Umgeni Provident Fund are defined contribution plans. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Natal Joint Pension Fund, Government Employees Pension Fund, Association Institution Pension Fund, South African Local Authorities Pension Fund and the Councillors Pension Fund are defined benefit. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The Msunduzi Municipality

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Accounting Policies

1.21 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension obligations

The Municipality's employees contribute to 7 different Pension Funds, of which the Natal Joint Provident and Retirement Pension Fund cater for the majority of the staff.

The following are defined contribution and benefit funds

- *The Natal Joint Provident fund,
- * Dynamique Ambrella (Pietermaritzburg Provident Fund),
- *Umgeni Water Provident Fund
- *Government Employees Pension Fund,
- *Association Institution Pension Fund,
- *South African Local Authorities Pension Fund and
- * Councillors Pension Fund
- *LGM retirement for Municipal Manager

Actuarial valuations are conducted on an interim basis each year with a statutory valuation undertaken every three years. Consideration is given to any extent that could impact the Funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The Municipality has both defined benefit and defined contribution plans.

The liability / asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Past-service costs are recognised immediately against revenue.

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Accounting Policies

1.21 Employee benefits (continued)

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Natal Joint Retirement Funds, Government Employee Pension Fund and Associated Institution Pension Fund are defined benefit funds.

The Natal Joint Provident Fund, Pietermaritzburg and South African Local Authority are defined contribution funds.

Other post retirement obligations

The municipality provides post-retirement health care benefits, upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.22 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.22 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.23 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.23 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.27 Provisions and contingencies (continued)

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The municipality uses the prevailing prime rate at year end.

Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient evidence of occurrence.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 62.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

A contingent liability is:

(a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

1.28 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The Msunduzi Municipality

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Accounting Policies

1.29 Internal reserves

Capital replacement reserve (CRR)

The CRR is an asset financing source that represents an alternative to the other funding sources available to the Municipality namely external loans (interest bearing borrowings) and government grants & subsidies. It is a GRAP requirement that the balance on the CRR must always be represented by cash, which must be held in a separate identifiable investment account.

Subsequent to the implementation of GRAP in 2008, Reserves and Funds had to be discontinued as they are not permissible in terms of GRAP. However, the National Treasury determined that the CRR is one of the few funds and reserves that are allowed. Therefore, it is a requirement that since fund accounting is not allowed in terms of GRAP, for disclosure in the Annual Financial Statements, CRR forms part of Accumulated Surplus and should not be disclosed on the face of the Statement of Financial Position.

As a matter of principle, the focus is the manner in which these reserves are created and accounted for, which in this instance is the capital replacement of major components of Infrastructure Assets in the event of technical failure. For accounting purposes, the CRR will be created by transferring amounts out of Accumulated surpluses/deficits to the respective reserve account, or vice versa, in the Statement of Changes in Net Assets. The net effect of these transfers will be nil in the Statement of Changes in Net Assets, and will not affect the value of reserves in totality. It is the requirement of GRAP that no transactions should be accounted for, directly to the Statement of Changes in Net Assets other than those specifically allowed in terms of GRAP, i.e. Revaluation Surplus Reserve. Therefore, situations should be avoided where reserves are created and accounted for, by taking amounts directly to the Statement of Changes in Net Assets thereby circumventing the Statement of Financial Performance.

The Municipality has determined a policy on the revenue sources that will be used to maintain or increase the balance of the CRR. These revenue sources include, but not limited to, the following:

- Interest earned by the municipality on the CRR investment account;
- Cash proceeds from the sale of any item of PPE or Investment Property;
- Percentage of amount that was utilised in the previous financial year for the purchase of items of PPE and
- VAT input recovered from SARS.

The CRR will only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and will not be used for the maintenance of such items.

Revaluation reserve

The surplus arising from the revaluation of heritage assets is credited to a non-distributable reserve. The revaluation surplus is realised as revalued artworks are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

The Msunduzi Municipality

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Accounting Policies

1.29 Internal reserves (continued)

Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances).

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993) is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is 0.75% of the salary expense. The municipality is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the municipality is mandated to establish its own fund and administers this fund in terms of the COID Act.

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.31 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1.31 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.32 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.33 Use of estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.34 Change in accounting policy, estimates and errors

When accounting errors have been identified in the current year, the correction is applied retrospectively as far as it is practicable and the prior year comparatives are restated accordingly. When there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as it is practicable and the prior year comparative is restated accordingly.

1.35 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

The Msunduzi Municipality

The Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

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2. New standards and interpretations

2.1 Standards and interpretations issued and adopted

Entities are required to apply the standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following standards of GRAP:

<u>Standard/Intepretation</u>	<u>Standard Title</u>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidation-Special Purpose Entities
IGRAP 12	Jointly Controlled Entities- Non-Monetary Contributions

The Msunduzi Municipality

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Notes to the Annual Financial Statements

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IGRAP 13	Operating Leases – Incentives	
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services	
IGRAP 16	Intangible Assets – Website Costs	

2.2 Standards and interpretations issued , but not yet effective

Standards of GRAP approved but, for which the Minister of Finance has not yet determined an effective date that have been early adopted by the municipality. The financial impact is unknown.

<u>Standard/Interpretation</u>	<u>Standard Title</u>
GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interest in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-Living Resources
IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay levies

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	42,673,271	5,026,078
Cash on hand	64,145	58,301
Short term deposits - call	421,348,241	455,728,289
Short term deposits - fixed	-	213,954,329
	464,085,657	674,766,997
Average rate of return	6.15%	7.15%

Due to the short term nature of these investments no amortisation was performed

Fair value is taken at face value.

No cash and cash equivalents were pledged as security for any financial liabilities.

No restrictions exist with regard to the use of cash.

No portion is past due or impaired.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings. Although credit quality can be assessed, the Municipality did not apply any methods to evaluate the credit quality.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Acc. No: 5094187782 (Primary)	63,685,283	72,518,159	111,808,444	34,011,195	47,982,680	109,201,902
FNB - No: 50940058750 (Electronic transfers)	-	-	-	(15,494,090)	(59,603,247)	(46,141,172)
Acc. No: 50941840627 (Market)	5,873,398	1,984,088	3,207,458	5,873,398	3,598,251	3,180,472
Acc. No: 62069378539 (Pietermaritzburg Airport)	5,525,356	7,337,308	4,409,873	7,222,442	7,316,438	4,409,873
Acc. No: 50930082248 (Forestry)	-	-	63,225	-	-	63,225
Acc. No: 62003432846 (Salaries PACs no.1)	311,980	68,195	181,002	311,133	4,099,149	181,002
Acc. No: 62279194650 (Forestry)	-	-	11,658,008	-	-	11,658,008
Acc. No : 62006041157 (Post Office)	-	-	-	10,749,193	1,632,807	-
Total	75,396,017	81,907,750	131,328,010	42,673,271	5,026,078	82,553,310

The Electronic bank account (50940058750) is swept daily into the primary bank account and is reflected as an aggregated balance, from a bank statement perspective.

The municipality uses a prepaid electricity vendors, who provides a facility to the value of R 295,000 (2017:R295,000) for the municipality to issue prepaid electricity tokens. This facility works on an imprest system.

The Msunduzi Municipality

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Figures in Rand	2018	2017
4. Consumer debtors		
Gross balances		
Electricity	518,732,147	495,915,670
Other service charges	233,751,191	193,792,326
Property rental	48,063,082	39,242,649
Rates	650,357,938	504,582,135
Refuse	126,287,716	97,260,510
Sanitation	235,815,083	180,002,736
Water	1,206,527,448	900,180,860
	3,019,534,605	2,410,976,886
Less: Allowance for impairment		
Electricity	(389,572,441)	(412,084,839)
Other service charges	(3,348,937)	(3,030,321)
Property rental	(31,487,041)	(22,269,476)
Rates	(78,702,280)	(270,530,912)
Refuse	(34,957,006)	(60,929,132)
Sanitation	(176,891,493)	(110,528,529)
Water	(958,061,844)	(520,803,326)
	(1,673,021,042)	(1,400,176,535)
Net balance		
Electricity	129,159,706	83,830,831
Other service charges	230,402,254	190,762,005
Property rental	16,576,041	16,973,173
Rates	571,655,658	234,051,223
Refuse	91,330,710	36,331,378
Sanitation	58,923,590	69,474,207
Water	248,465,604	379,377,534
	1,346,513,563	1,010,800,351
Included in above is receivables from exchange transactions		
Electricity	129,159,706	83,830,831
Other service charges	230,402,254	190,762,005
Property rental	16,576,041	16,973,173
Refuse	91,330,710	36,331,378
Sanitation	58,923,590	69,474,207
Water	248,465,604	379,377,534
	774,857,905	776,749,128
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	571,655,658	234,051,223
Net balance	1,346,513,563	1,010,800,351
Rates		
Current (0 -30 days)	123,553,864	91,256,484
31 - 60 days	67,490	15,510,440
61 - 90 days	18,571,349	13,756,436
91 - 120 days	30,135,939	12,452,993
121 - 365 days	7,312,638	8,728,638
> 365 days	470,716,658	362,877,144
	650,357,938	504,582,135

The Msunduzi Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
4. Consumer debtors (continued)		
Electricity		
Current (0 -30 days)	257,617,188	192,322,569
31 - 60 days	17,455,559	19,374,535
61 - 90 days	11,997,139	6,967,155
91 - 120 days	11,670,999	4,737,493
121 - 365 days	936,866	2,100,488
> 365 days	219,054,396	270,413,430
	518,732,147	495,915,670
Water		
Current (0 -30 days)	132,247,104	88,631,217
31 - 60 days	2,684,572	24,618,704
61 - 90 days	31,148,289	23,609,293
91 - 120 days	54,176,212	22,110,630
121 - 365 days	15,256,692	17,253,088
> 365 days	971,014,579	723,957,928
	1,206,527,448	900,180,860
Sanitation		
Current (0 -30 days)	28,904,648	21,100,794
31 - 60 days	720,438	4,610,064
61 - 90 days	6,211,079	4,509,204
91 - 120 days	10,154,596	4,134,947
121 - 365 days	3,391,399	3,163,207
> 365 days	186,432,923	142,484,520
	235,815,083	180,002,736
Other service charges		
Current (0 -30 days)	10,446,183	-
31 - 60 days	(1,177,221)	-
61 - 90 days	(2,322,482)	-
91 - 120 days	(1,013,107)	-
121 - 365 days	1,193,941	-
> 365 days	226,623,877	193,792,326
	233,751,191	193,792,326
Refuse		
Current (0 -30 days)	19,306,015	11,620,445
31 - 60 days	319,214	2,188,433
61 - 90 days	3,289,201	2,028,994
91 - 120 days	5,103,420	1,936,125
121 - 365 days	1,253,889	1,706,686
> 365 days	97,015,977	77,779,827
	126,287,716	97,260,510
Property rental		
Current (0 -30 days)	3,654,468	613,771
31 - 60 days	1,463,039	547,018
61 - 90 days	1,068,914	509,997
91 - 120 days	1,976,910	509,956
121 - 365 days	67,381	1,510,010
> 365 days	39,832,370	35,551,897
	48,063,082	39,242,649

The Msunduzi Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
4. Consumer debtors (continued)		
Summary by customer classification		
Consumers		
Current (0 -30 days)	307,240,115	168,900,119
31 - 60 days	228,937	39,077,382
61 - 90 days	50,624,975	39,360,291
91 - 120 days	84,677,950	35,535,673
121 - 365 days	22,294,484	29,043,703
> 365 days	1,880,389,636	1,532,163,818
	<u>2,345,456,097</u>	<u>1,844,080,986</u>
Less: Allowance for impairment	(1,411,469,677)	(849,718,964)
	933,986,420	994,362,022
Industrial/ commercial		
Current (0 -30 days)	222,219,472	201,864,925
31 - 60 days	21,183,213	23,578,350
61 - 90 days	11,391,669	7,607,712
91 - 120 days	15,368,728	5,951,829
121 - 365 days	4,872,106	3,456,178
> 365 days	197,023,070	171,878,568
	<u>472,058,258</u>	<u>414,337,562</u>
Less: Allowance for impairment	(261,551,365)	(212,833,235)
	210,506,893	201,504,327
National and provincial government		
Current (0 -30 days)	46,269,881	34,780,238
31 - 60 days	120,941	4,193,461
61 - 90 days	7,946,845	4,413,076
91 - 120 days	12,158,291	4,394,642
121 - 365 days	2,246,217	1,962,236
> 365 days	133,278,076	102,814,685
	<u>202,020,251</u>	<u>152,558,338</u>
Total		
Current (0 -30 days)	575,729,468	405,545,280
31 - 60 days	21,533,091	66,849,194
61 - 90 days	69,963,489	51,381,079
91 - 120 days	112,204,969	45,882,144
121 - 365 days	29,412,807	34,462,117
> 365 days	2,210,690,781	1,806,857,072
	<u>3,019,534,605</u>	<u>2,410,976,886</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(1,400,176,535)	(963,429,747)
Contributions to allowance	(272,844,507)	(436,746,788)
	(1,673,021,042)	(1,400,176,535)

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
5. Inventories		
Agricultural	-	76,607
Consumables	31,975,714	20,366,799
Materials and supplies	43,393,519	37,755,373
Water	1,423,819	1,400,691
	76,793,052	59,599,470

Inventories has been recorded using the weighted average cost method.

Inventories are carried at lower of cost or net realisable value.

Impairment of inventories includes redundant and obsolete stock of R 38 114 813 (2017:R39 947 315). Inventories written up during the year amounted to R 36 116 169 (2017:R 24 171 858).

Inventory pledged as security

No inventory is pledged as security for any liabilities.

6. Receivables from exchange transactions

Accrued revenue	698,934	360,455
Advance payments	11,420,527	-
Independent Development Trust	-	69,247,952
Insurance claims	3,020,221	4,039,047
Land sale debtors	66,386	66,386
Market	1,969,025	471,988
Overpayment of contractor	-	5,235,380
Skills development accrual	3,209,374	2,526,420
Uncleared debit orders	7,916,085	-
Water meter refunds	18,493	18,493
	28,319,045	81,966,121

Receivables from exchange transactions pledged as security

Receivables from non-exchange transactions are not pledged as security for any liabilities.

Credit quality of trade and other receivables

The credit quality of receivables from exchange transactions are neither past due nor impaired except for Independent Development Trust and Insurance claims.

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6. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of receivables from exchange transactions

2018	Insurance claims	Independent Development Trust
Gross balance	4,039,047	128,790,695
Impairment	(1,018,826)	(128,790,695)
Net balance	3,020,221	-

2017	Independent Development Trust
Gross balance	93,658,028
Prior period error	35,132,665
Impairment	(59,542,741)
Net balance	69,247,952

7. Receivables from non-exchange transactions

Fines	36,514,653	31,483,422
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Receivables from non - exchange transactions pledged as security

Receivables from non-exchange transactions are not pledged as security for any liabilities.

Credit quality of receivables from non exchange transactions

The credit quality of receivables from non-exchange transactions are neither past due nor impaired.

8. Short term investment

COID short term investment invested at 8.66% (2017: 7.15%)	8,981,927	8,799,357
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The fixed deposit expires on the 4 April 2019.

The Msunduzi Municipality

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9. Agricultural assets

	2018			2017		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Consumable biological assets	54,067,677	9,796,113	63,863,790	54,275,801	(208,124)	54,067,677

Reconciliation of agricultural assets - June 2018

	Opening balance	Gains arising due to changes in fair value	Total
Consumable biological assets	54,067,677	9,796,113	63,863,790

Reconciliation of agricultural assets - June 2017

	Opening balance	Losses arising due to changes in fair value	Total
Consumable biological assets	54,275,801	(208,124)	54,067,677

General information

The Municipality owns a plantation forest that produces felled tress for timber production separated as consumable biological assets.

During the financial year 163 tons of Timber to the value of R58 468.58 was harvested.

Pledged as security

No Agricultural assets have been pledged as security.

Details of valuation

Agricultural assets has been accounted for in terms of GRAP 27 and is comprising of plantation owned by the Municipality. Agricultural assets are not depreciated but annually valued at year end in order to determine their fair value as prescribed in GRAP 27.

The valuation at 30 June 2018 was performed by Malcolm Gardiner.

Malcolm Gardiner is a member of the South African Council for Propert Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of Agricultural assets.

The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices.

Other information

The Agricultural assets have been measured at fair value less costs to sell in accordance with GRAP 27.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

The Msunduzi Municipality

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10. Heritage assets

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	233,668,549	(6,832,903)	226,835,646	233,039,049	(6,826,703)	226,212,346

Reconciliation of heritage assets June 2018

	Opening balance	Revaluation	Impairment losses	Total
Heritage assets	226,212,346	629,500	(6,200)	226,835,646

Reconciliation of heritage assets June 2017

	Opening balance	Donated	Devaluation	Impairment losses	Total
Heritage assets	233,948,935	168,341	(1,101,200)	(6,803,730)	226,212,346

Restrictions on heritage assets

There are no restrictions on heritage assets title and disposal thereof.

There are no contractual commitments for the acquisitions maintenance and restoration of heritage assets.

The Msunduzi Municipality

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10. Heritage assets (continued)

Pledged as security

No heritage assets have been pledged as security for any financial liabilities.

The municipality has elected to use the cost model when accounting for heritage assets, except for artworks and jewellery.

Artworks and jewellery whose fair value can be measured reliably are carried at the revalued amount, being their fair value at the date of valuation less any subsequent impairment losses.

Artworks were last valued in the 2014/2015 financial year.

According to municipality's accounting policy, artworks are being revalued every 4 years.

Jewellery was last valued in the 2017/18 financial year.

According to municipality's accounting policy, jewellery are revalued every 2 years.

List of heritage assets where the values cannot be determined

1. Legal Deposit collection at the Bessie Head Library

In 1916, the Natal Society Library (now the Msunduzi Municipal Library – Bessie Head Library) was identified as one of 5 libraries in South Africa accorded Legal Deposit status. This privilege helped make it into one of South Africa's major research and information libraries. Legal Deposit Libraries play a unique and very important role as custodians, in perpetuity, of this country's cultural wealth and information. They also have to make this information available, as widely as possible, to the citizens of South Africa. The Legal Deposit Collection has become an important asset. Since 1916, the Msunduzi Municipal Library has amassed a huge collection of South African books, pamphlets, periodicals, maps and newspapers which it has to preserve for future generations.

Due to the nature of the class of heritage assets the Department of Arts and Culture has confirmed that there is no monetary value as there is no active market.

Expenditure incurred to repair and maintain heritage assets included in the Statement of Financial Performance

Contracted services	110,644	14,846
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11. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	94,596,774	(53,648,168)	40,948,606	85,628,394	(35,829,284)	49,799,110
Servitudes	803,846	-	803,846	803,846	-	803,846
Total	95,400,620	(53,648,168)	41,752,452	86,432,240	(35,829,284)	50,602,956

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11. Intangible assets (continued)

Reconciliation of intangible assets - June 2018

	Opening balance	Additions	Amortisation	Total
Computer software	49,799,110	8,968,380	(17,818,884)	40,948,606
Servitudes	803,846	-	-	803,846
	50,602,956	8,968,380	(17,818,884)	41,752,452

Reconciliation of intangible assets - June 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	39,078,101	23,899,771	(13,078,423)	(100,339)	49,799,110
Servitudes	803,846	-	-	-	803,846
	39,881,947	23,899,771	(13,078,423)	(100,339)	50,602,956

Pledged as security

No intangible assets have been pledged as security for any financial liabilities.

Other information

The municipality has elected to use the cost model when accounting for intangible assets. After initial recognition, an intangible asset shall be carried at cost less any accumulated amortisation and any accumulated impairment losses.

Reconciliation of Work in progress 2017

Additions	5,435,000
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Expenditure incurred to repair intangible assets

Computer services	2,093,129
Contracted services	43,019
	2,136,148

12. Investment property

	2018			2017		
	Valuation	Fair value adjustments	Carrying value	Valuation	Fair value adjustments	Carrying value
Investment property	708,752,912	9,538,690	718,291,602	579,773,040	128,979,872	708,752,912

Reconciliation of investment property - June 2018

	Opening balance	Fair value adjustments	Total
Investment property	708,752,912	9,538,690	718,291,602

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12. Investment property (continued)

Reconciliation of investment property - June 2017

	Opening balance	Prior period error restatement	Fair value adjustments	Total
Investment property	591,243,930	(11,470,890)	128,979,872	708,752,912

Pledged as security

No investment property has been pledged as security for any financial liabilities.

Adjustments to valuation in the reconciliation above attributable to:

- change in market value of investment property.
- take on off investment property that was not previously recognised.

Disposals

Investment property has been accounted for in terms of GRAP 16 and is comprising of both land and buildings owned by the municipality. Investment property is not depreciated but annually valued at year end in order to determine their fair value as prescribed in GRAP 16.

The valuation at 30 June 2018 was performed by Malcolm Gardiner .

Malcolm Gardiner is a member of the South African Council for Property Valuers Profession (SACPVP), and has the required qualifications and expertise in the valuation of Investment properties. The valuations conform to South African Valuation Standards and were arrived at by reference to market evidence of transaction prices for similar properties.

Repairs and maintainance

There were no repairs,maintance and direct operating expenses related to investment property. Tenants are responsible for repairs and maintenance.

Rental from investment property

Rental from Investment properties R1 691 065.

Other information

The municipality has adopted the fair value model in accounting for investment properties.

The municipality does not hold any operating property interest.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

13. Living resources

	2018			2017		
	Valuation	Nett movement for the year	Carrying value	Valuation	Nett movement for the year	Carrying value
Game animals	769,726	158,768	928,494	780,760	(11,034)	769,726

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13. Living resources (continued)

Reconciliation of living resources - June 2018

	Opening balance	Gains arising from changes in fair value	Additions	Total
Game animals	769,726	92,762	66,006	928,494

Reconciliation of living resources - June 2017

	Opening balance	Losses arising from changes in fair value	Total
Game animals	780,760	(11,034)	769,726

Pledged as security

No living resources has been pledged as security for any financial liabilities.

General Information

The Msunduzi Municipality Bisley Nature Reserve's main purpose is the conservation of a representative system of biodiversity encompassing fauna, flora and unique scenery within the nature reserve. The municipality does not manage the reserve for reproduction of biodiversity.

The municipality is involved in biological transformation of fauna and flora primarily as a service to the community for the main purpose of recreation rather than for sale.

Other information

The living animals assets have measured at fair value.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The valuation as at 30 June 2018 was performed internally.

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14. Property plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Community	755,572,179	(310,318,536)	445,253,643	754,442,920	(317,093,444)	437,349,476
Finance leases	-	-	-	4,765,629	(2,990,413)	1,775,216
Infrastructure	7,444,255,103	(2,592,414,915)	4,851,840,188	7,239,584,017	(2,525,574,443)	4,714,009,574
Land and building	1,725,819,291	(269,454,656)	1,456,364,635	1,720,955,049	(247,172,651)	1,473,782,398
Other assets	1,020,540,435	(566,325,511)	454,214,924	976,358,555	(541,220,664)	435,137,891
Total	10,946,187,008	(3,738,513,618)	7,207,673,390	10,696,106,170	(3,634,051,615)	7,062,054,555

Reconciliation of property, plant and equipment - June 2018

	Opening balance	Additions	Capital under construction	Disposals	Adjustments	Capitalised	Depreciation	Impairment loss	Total
Community	437,376,476	5,704,318	67,693,714	-	-	100,953,499	(31,086,937)	-	580,641,070
Infrastructure	4,714,009,574	41,249,518	234,291,480	-	624	59,659,828	(329,154,766)	(3,603,497)	4,716,452,761
Land and buildings	1,473,782,398	297,084	5,903,302	-	(404,461)	(931,700)	(22,281,988)	-	1,456,364,635
Other assets	436,886,107	78,545,690	6,686,815	(2,790,236)	91,236	-	(65,085,626)	(119,062)	454,214,924
Total	7,062,054,555	125,796,610	314,575,311	(2,790,236)	(312,601)	159,681,627	(447,609,317)	(3,722,559)	7,207,673,390

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14. Property plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2017

	Opening balance	Additions	Capitalised	Capital under construction	Disposals	Depreciation	Prior period adjustments	Donation received	Impairment loss	Total
Community	402,695,350	-	15,560,097	43,389,615	-	(45,343,271)	16,473,844	4,970,553	(369,712)	437,376,476
Finance leases	1,924,091	334,490	-	-	-	(483,365)	-	-	-	1,775,216
Infrastructure	4,573,040,330	45,584,491	90,345,570	323,548,026	-	(455,294,257)	136,903,424	28,358	(146,368)	4,714,009,574
Land and buildings	1,524,458,716	(69,617,188)	18,431,990	-	(22,000)	(21,040,898)	21,827,896	33,600	(289,718)	1,473,782,398
Other assets	417,783,340	55,777,325	(7,203,757)	(89,458)	(1,282,191)	(64,736,196)	24,667,673	11,122,850	(928,695)	435,110,891
	6,919,901,827	32,079,118	117,133,900	366,848,183	(1,304,191)	(586,897,987)	199,872,837	16,155,361	(1,734,493)	7,062,054,555

Pledged as security

No property, plant and equipment has been pledged as security for any financial liabilities.

Refer to Appendix B for the detailed property plant and equipment schedule.

The municipality has elected the cost model when accounting for property, plant and equipment.

Quartex and Dynamic Dash Solutions are currently conducting a conditional assessment of all infrastructure assets and physical verification of all moveable assets.

The municipality is required to measure the residual value of all items of property, plant and equipment.

Management has determined that none of its infrastructure assets has any active market value, and the net carrying value at the end of their useful lives would therefore be nil or insignificant during the current financial year.

During the current financial year, the municipality reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate.

The Msunduzi Municipality

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14. Property plant and equipment (continued)

Reconciliation of Work-in-Progress June 2018

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	758,822,075	131,040,533	26,052,383	915,914,991
Capitalised	(59,659,828)	(100,953,499)	931,700	(159,681,627)
Additions	429,338,735	33,259,786	11,658,415	474,256,936
	1,128,500,982	63,346,820	38,642,498	1,230,490,300

Reconciliation of Work-in-Progress June 2017

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	435,274,049	87,650,918	26,141,841	549,066,808
Additions/capital expenditure	444,191,470	58,949,712	71,405,653	574,546,835
Prior period error	(4,385,965)	-	(350,430)	(4,736,395)
Transferred to completed items	(116,257,479)	(15,560,097)	(71,144,681)	(202,962,257)
	758,822,075	131,040,533	26,052,383	915,914,991

Expenditure incurred to repair and maintain property, plant and equipment

Cleaning services	-	382,470
Computer service	6,871	11,608,447
Contracted services	127,431,123	65,307,125
Consumables	-	531,230
Internal charges - labour	16,533,625	15,452,430
Inventory consumed	21,052,272	10,003,064
Material and supplies	-	2,138,155
Operating leases	36,678	-
Preservation and restoration	199,658	593,510
Uniform and protective clothing	5,212	362
	165,265,439	106,016,793

The following projects took longer than originally planned

	Amount	Reason
IRPTN Project	288,856,482	Multi year project budget constraints, technical delays and relocation of underground services
Sewer reticulation- AZALEA - PH 2	30,679,602	Multi year project, and technical delays -Service Provider on penalties
	319,536,084	

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14. Property plant and equipment (continued)

The following projects were halted

	Amount	Reason
The Hollingwood Cementry project	4,874,038	The community boycotted the project
Sewer Reticulation -Ward 16	3,108,368	Contract cancelled due to non compliance with Tender requirements
Sewer Reticulation -Ward 16 -Unit H	7,846,191	Contract cancelled due to non compliance with Tender requirements
	15,828,597	

There was no impairment identified in relation to work in progress as at 30 June 2018.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

15. Other financial assets

At amortised cost

Housing	9,944,611	9,944,611
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Non-current assets

At amortised cost	9,944,611	9,944,611
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16. Consumer deposits

Building plans and wayleaves	483	483
Electricity	81,145,957	79,529,953
Poster applications	180,785	180,785
Rental properties	1,962,036	1,921,669
Refuse	2,200	-
Sewer	1,500	-
Valuation appeal	8,907	8,907
Water	20,411,899	19,739,836
	103,713,767	101,381,633

Guarantees in lieu of electricity and water deposits	18,961,516	15,090,470
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17. Finance lease obligation

Minimum lease payments due

- within one year	-	389,172
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less: future finance charges

	-	(42,586)
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Present value of minimum lease payments

	-	346,586
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Present value of minimum lease payments due

- within one year	-	346,586
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The finance lease was fully paid during the year under review, the prior year average effective borrowing cost was 26%.

Refer to Appendix A for further details on finance lease obligations.

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18. Other financial liabilities		
At amortised cost		
DBSA loan	<u>535,738,522</u>	<u>615,106,857</u>
DBSA - funding required for capital expenditure. Loans bears interest rates between 6.75% and 16.50% (2017: 6.75% and 16.50%). Loans are repayable over a period between 10 to 20 years, repayments are made quarterly and bi-annually.		
During the reporting period the municipality did not default on any of the interest or capital repayments of the external loans.		
Refer to Appendix A for further details on other financial liabilities.		
Non-current liabilities		
At amortised cost	<u>451,226,205</u>	<u>535,738,525</u>
Current liabilities		
At amoritsed cost	<u>84,512,317</u>	<u>79,368,332</u>
19. Payables from exchange transactions		
Accrued Interest	2,230,386	2,966,048
Accrued leave pay	90,230,250	76,885,066
Advance payments	3,548,319	3,052,163
Auditor General and other audit service providers	113,265	70,877
Debtors with credit balances	99,458,745	82,324,083
Electricity bulk purchases	206,120,912	200,363,475
Housing selling schemes	351,760	-
Payables and accruals	248,170,004	113,779,491
Retentions	19,759,518	8,665,453
Trade payables	111,154,423	177,894,548
Unallocated deposits	99,887,793	28,202,854
Water bulk purchases	64,622,581	50,768,034
	<u>945,647,956</u>	<u>744,972,092</u>

Included in the unallocated deposit account is an amount of R 72 504 190 on the electronic funds transfer bank account which was banked for the period ended 30 June 2018. This amount was subsequently receipted to the debtors in July 2018.

The Msunduzi Municipality

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20. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Current year charges	Utilised during the year	Actuarial gain	Change in discount factor	Total
Landfill rehabilitation	56,007,366	6,921,510	-	-	1,741,829	64,670,705
Long service awards	70,693,313	11,666,723	(8,721,425)	526,854	-	74,165,465
	126,700,679	18,588,233	(8,721,425)	526,854	1,741,829	138,836,170

Reconciliation of provisions - 2017

	Opening Balance	Current year charges	Utilised for the year	Actuarial loss	Change in discount factor	Reduction due to re- measurement	Total
Landfill rehabilitation	67,041,163	-	-	-	1,543,381	(12,577,178)	56,007,366
Long service awards	67,690,022	10,794,224	(7,341,278)	(449,655)	-	-	70,693,313
	134,731,185	10,794,224	(7,341,278)	(449,655)	1,543,381	(12,577,178)	126,700,679

	2018	2017
Non-current liabilities	128,207,247	117,979,254
Current liabilities	10,628,923	8,721,425
	138,836,170	126,700,679

Landfill rehabilitation

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on a valuation provided by an external consultant on the remaining useful life of the landfill site.

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20. Provisions (continued)

One Pangaea Financials was appointed to provide the provision for the programme for closure of the New England Road landfill site.

At the end of the life of the landfill site, the municipality is expected to restore the landfill site to the condition it was before its use.

According to the National Environmental Management Act, Act 107 of 1998, the operation of a landfill results in an obligation to rehabilitate

the landfill and prevent any further pollution after closure thereof. The landfill site provision was created to ensure that the site is

environmentally and publicly acceptable and suited to the implementation of the proposed end-use. The rehabilitation cost is anticipated to be spent in 2024, the end expected end of life of the landfill site.

As at 30 June 2018, the estimated remaining life of the landfill site is six years. The expert One Pangea used the following key assumptions:

Net discount rate 3.63%

Type of waste – Domestic waste

Average density of waste- 0.75 tonnes per cubic metre

Expected growth rate of waste generation- 1.12%

Excavatable cover depth- 2.5 metres

Cover to waste ratio – 1: 4

At the reporting date there were no future events that could affect the cost of rehabilitating the land fill site.

Alien vegetation provision

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Department of Agriculture has since 2006 provided considerable support to the municipality in terms of clearing listed alien invasive plants.

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20. Provisions (continued)

The municipality's involvement and responsibility is effectively operational support to the Department of Agriculture for the clearing listed alien invasive plants.

No work has been carried out during the current reporting period.

Long service awards

The long service awards provision represents the amount of money that should be set aside in present day terms to cover all expected long service awards for current employees.

Arch Actuarial Consulting was appointed to provide the provision for the long service awards.

The long service award provision is created to ensure adherence to SALGA collective agreement requirements. The liability was estimated by an Actuary in terms of GRAP 25 (Employee Benefits).

Long service awards payments are expected on the anniversary of appointment for all the qualifying employees.

At the reporting date there were no future events that could affect the future payment costs for long service awards.

As at 30 June 2018, the liability was estimated by experts, Arch Actuarial Consulting.

The key assumptions used by the experts are:

Net effective discount rate- 2.25%

Average retirement age- 63 years

Mortality during employment- SA 85-90

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21. Retirement benefit obligations

Defined contribution benefit plan

The Council provides retirement benefits to its employees by contributing to either a pension or provident fund.

Membership to either a pension or provident fund is compulsory for all permanent employees.

The majority of the members and the Council contributes to the Natal Joint Municipal Pension and Provident funds (NJMP), employees contribute to the South African Local Authorities Pension Fund (SALA) and, Associated Institution Pension Fund (AIPF), Pietermaritzburg Provident Fund and Government Employees Pension Fund (GEPF). Employees contributing to SALA, AIPF, Pietermaritzburg Provident Fund and GEPF make up the minority of members contribution to the pension funds.

The municipality's liability in these funds cannot be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each contributing employer.

Defined contribution plan:

The majority of personnel are members of the following pension funds:

Kwa-Zulu-Natal Joint Municipal Provident Fund

An actuarial valuation was performed on 31 March 2017 by Argen Actuarial Solutions.

Results of the valuation

The Fund self-insures its risk benefits in excess of the full benefit. It therefore maintains a Risk Reserve Account as a measure of protection against volatility in claims experience. The amount of R 22 793 000 required to be held in the Risk Reserve Account.

The Fund is financially sound as at the valuation date.

Benefits of the fund:

- Pension age - 65 years
- Earliest retirement age - 58 years (55 years if more than 10 years continuous service)
- Full benefit - Initial transfer plus member's contributions plus employer's contributions for full benefits plus investment earnings and bonuses.
- Member's portion of full benefits - Initial transfer plus members contributions plus local authorities contributions for full benefits plus interim, special and final bonuses.
- Benefit on retirement after earliest retirement age or pension age - full benefit.
- Benefit on retirement because of ill health - full benefit.
- Benefit on death in service - Full benefit plus 0.7% of annual pensionable salary for each month of potential service to a maximum of 2.1 years salary.

Contributions to the fund:

Members contributions

Members may choose to contribute at a rate of 5%, 7% or 9.25% of their pensionable emoluments in terms of regulation 14(a).

Local Authorities Contributions

Participating employers contribute at a rate of 1.95 times of the rate of members contribution in terms of regulation 17(1)(b).

The Msunduzi Municipality

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21. Retirement benefit obligations (continued)

Benchmark:

Investments:

Domestic Investments 2,426,410,000

International Investments 702,054,000

Risk Reserve Account 22 793 000

Membership 13,117

Natal Joint Municipal Pension Fund: (Superannuation) actuarial valuation

An actuarial valuation was performed on 31 March 2017 by Argen Actuarial Solutions.

The market value of the Fund's assets was R 11 054 038 000 as at 31 March 2017.

The regulations of the fund have been amended with effect from 1 July 2004, so that the Committee of Management is able to levy a separate surcharge on local authorities which grant excessive salary increases, thereby causing a financial strain on the Fund to the detriment of other stakeholders.

The employers are no longer permitting members to join the Fund, so that it is effectively closed to new members. This means that the average age will increase over time which, in turn, means that the required rate of contribution will also increase. Thus, once the surcharge ceases, the underlying rate of contribution will not be sufficient to meet the cost of the benefits. It is necessary to set aside a reserve to hold assets equal to the expected shortfall. For this reason a "Contribution Reserve is held equal to the present value of the shortfall in terms of the Financial Services Board's Circular PF117 for the 5 years to 2015 when it is expected that the surcharge will cease.

Benefits of the fund:

- Members Contributions - 9.25% of pensionable salaries.
- Pension age 65 years
- Final average salary - average annual pensionable salaries during the last year of service.
- Pension on retirement at pension age - 2.2% of final average emoluments per year of continuous service.
- Lump sum on retirement at pension age - 8.25% of final average emoluments per year of service.
- Pension on retirement because of ill-health (minimum ten years continuous service) - pension as for retirement at pension age
- Lump sum on retirement because of ill-health (minimum 10 years continuous service) - lump sum as for retirement at pension age.
- Lump sum on retirement because of ill health (less than ten years continuous service) - the greater of the resignation benefit or twice the members contributions.
- Surviving Spouses pension on death in service - 1,2% of final average emoluments per year of continuous service that the member would have had at the pension age.
- Surviving Spouses pension on death of pensioner - 1,22% (0,77% in the case of a pensioner who retired before 1 July 1999) of final average emoluments per year of continuous service
- Lump sum on death in service - Annual pensionable emoluments.10.75% of final average salaries

The Msunduzi Municipality

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21. Retirement benefit obligations (continued)

- Withdrawal - members contribution plus 5/12% for each month of continuous service (the addition is approximately equal to compound interest at 10% a year) and increased by 5% for each complete year of service up to a maximum of 20 years.

Benchmark :

Investments

Domestic 8,179,719

International 2,946,960

Membership 4,340

The employees of the Council as well as the Council as employer contribute to municipal pension , retirement and various provident funds as listed below

Associated Institution pension Fund	124,131	122,366
Councillors Pension Fund	7,436,514	7,434,693
Dynamique Ambrella (Pietermaritzburg Provident Fund)	136,042	393,299
Government Employees Pension Fund	3,158,544	3,462,375
LGM retirement for Municipal Manager	-	95,903
Natal Joint Pension Fund	100,578,494	100,878,861
Natal Joint Provident Fund	90,473,201	79,946,814
South African Local Authorities Pension Fund	366,022	337,266
	202,272,948	192,671,577

Post retirement medical aid plan

The municipality's employees and councillors are members on 6 accredited medical aid schemes, namely:

- Bonitas,
- Discovery Health,
- Hosmed,
- Key-Health,
- LA Health and
- SAMWU Med,

Pensioners continue on the option they belonged to on the day of their retirement.

An actuarial valuation was performed by Arch Actuarial Consulting for the period ended 30 June 2018

The valuation undertaken in accordance with the requirements of Professional Guidance Note (PPN) 301 of the Actuarial Society of South Africa.

According to the last valuation the accrued liability amounted to R 629 854 699 (2017: R 631 618 511).

A reconciliation of the municipality's accrued liability for the period ending 30 June 2018 is set out below:

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	629,854,699	631,618,511

The Msunduzi Municipality

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21. Retirement benefit obligations (continued)		
Non-current liabilities	(603,974,632)	(608,579,819)
Current liabilities	(25,880,067)	(23,038,692)
	(629,854,699)	(631,618,511)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	631,618,511	646,840,503
Current service cost	21,446,589	19,368,373
Interest cost	59,682,706	59,781,354
Benefits paid	(25,554,019)	(21,141,300)
Actuarial losses	(57,339,088)	(73,230,419)
	629,854,699	631,618,511

Net expense recognised in the statement of financial performance

Current service cost	21,446,589	19,368,373
Interest cost	59,682,706	38,642,861
Actuarial gain	(57,339,088)	(73,230,419)
	23,790,207	(15,219,185)

Key assumptions used

The projected unit credit method is used as the standard valuation methodology for the valuation done during the reporting period. The basis used to determine the overall expected rate of return on assets is as follow:

Discount rates used	9.52 %	9.62 %
Health care inflation rate	7.32 %	7.90 %
Maximum subsidy inflation rate	5.12 %	5.55 %

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Health care inflation on accrued liability	684,482,000	568,556,000
Expected rate of return on assets	553,027,000	725,000,497

Amounts for the current and previous four years are as follows:

The employees of the Council as well as employer contributes to the municipal medical aids as listed below:

Bonitas	22,996,805	20,434,109
Discovery	179,727	160,080
Hosmed	602,131	606,410
Key Health	32,838,935	29,204,736
LA Health	56,166,918	48,982,527
Samwmed	3,465,572	5,787,395
	116,250,088	105,175,257

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Figures in Rand	2018	2017
22. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Beneficiary Audit and Transfers	9,602,390	-
Development of a Single Scheme	715,102	1,004,504
Edendale Unit BB Land Acquisition	8,624,156	-
Electricity Grant - COGTA	4,877	4,569
Electricity Smart Grids	-	247,097
Expanded Public Works Programme	-	2,896,487
Greater Edendale Development Initiative	14,858,424	1,896,942
Housing	-	151,416
Housing Accreditation funding	36,401,052	33,846,353
Integrated National Electrification Programme	-	3,885,494
Library	811,497	495,876
Market	925,534	940,793
Manaye Area Precinct Upgrade	4,154,687	4,350,712
Municipal Infrastructure Grant	6,865,803	1,063,876
Neighbourhood Development Partnership Grant	603,783	20,154,850
Operation Dlusumlando	1,500,000	1,500,000
Oribi Village	689,836	-
Pietermaritzburg Airport	54,118	(1,417,762)
Public Transportation Infrastructure Grant	26,145,263	-
Publicity House Renovations	3,108	2,906
Tatham Art Gallery	719,459	-
Youth Enterprise Park	9,670,473	9,252,373
	122,349,562	80,276,486

Movement during the year

Balance at the beginning of the year	80,276,486	253,355,946
Funds paid back to National Treasury / grant provider	(26,936,831)	(196,604,262)
Current year receipts	521,823,539	520,537,644
Current year interest received	5,733,379	4,543,092
Transfer to Municipal Housing Operating Account	-	(444,499)
VAT recovered from National grants as per MFMA circular 58	(39,398,187)	(36,068,797)
Conditions met - transferred to revenue	(418,901,727)	(465,042,638)
Refund to grant provider	(247,097)	-
	122,349,562	80,276,486

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as a liability in the Statement of Financial Performance.

The extent of government grants recognised in the statement of financial performance relates to the portion of the grant where the conditions have been fulfilled.

Refer to Appendix E for details of Unspent Conditional Grants, Receipts and Transfers from National, Provincial, Government and other departments.

23. VAT payable

VAT payable	81,342,959	12,156,198
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VAT is payable on the receipt and payment basis.

VAT is only declared to SARS on receipt of payments from consumers.

The Municipality claimed a refund of R10,206,821 in VAT period June 2018.

The Msunduzi Municipality

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24. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - June 2018

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,311,998,102	50,436,261	8,318,183	7,370,752,546
Transfer from capital replacement reserve	80,439,527	-	-	80,439,527
Insurance claims	3,611,099	(3,611,099)	-	-
Interest earned on insurance reserve	(3,731,761)	3,731,761	-	-
Interest earned on COID reserve	(551,274)	-	551,274	-
Surplus for the year	11,126,480	-	-	11,126,480
Interest on housing development fund	(2,461,035)	-	-	(2,461,035)
Interest on capital replacement reserve	(8,472,915)	-	-	(8,472,915)
Other transfers from KwaZulu-Natal Department of Human Settlement	(10,000,000)	-	-	(10,000,000)
	7,381,958,223	50,556,923	8,869,457	7,441,384,603

Ring-fenced internal funds and reserves within accumulated surplus - June 2017

	Accumulated surplus	Insurance reserve	COID reserve	Total
Opening balance	7,418,659,207	46,892,076	7,837,009	7,473,388,292
Analysis of surplus	(340,105,415)	3,544,185	481,174	(336,080,056)
Prior period error	234,105,194	-	-	234,105,194
	7,312,658,986	50,436,261	8,318,183	7,371,413,430

25. Capital replacement reserve (CRR)

Based on the approval by the strategic management committee on the 7th April 2015 the CRR was created by transferring funds of R 151 935 999 from the accumulated surplus.

This reserve will be used for the funding of property, plant and equipment.

Included in the reserve is an amount of R8 472 914 (2017: R12 354 006) in respect to interest earned on the reserve.

The CRR is a cash backed reserve.

Opening balance	164,290,005	151,935,999
Utilised for capital expenditure	(80,439,526)	-
Interest earned	8,472,914	12,354,006
	92,323,393	164,290,005

26. Housing development fund

Unappropriate surplus	53,396,914	46,273,187
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892
	87,653,806	80,530,079

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26. Housing development fund (continued)

The housing development fund is represented by the following assets and liabilities

Bank and cash	44,195,553	45,046,986
Housing selling scheme loans	9,944,611	9,944,611
Trade and other receivables	30,161,377	25,538,482
Share of deficit	3,352,265	-
Assets	87,653,806	80,530,079

27. Revaluation reserve

The municipality has elected to adopt the revaluation model when accounting for heritage assets - artworks and jewellery , due to their nature.

Opening balance	51,027,945	52,129,145
Change during the year	629,500	(1,101,200)
	51,657,445	51,027,945

The Msunduzi Municipality

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28. Variance analysis comparison of budget against actual

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2018	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
Classes of revenue							
Agency Services	2 577 730,00	713 000,00	-	713 000,00	1 864 730,00	262%	This is a secondary revenue source on which revenue generated is dependent on customer needs. Its impossible to accurately estimates this amount but the municipality tries to be as conservative as possible.
Interest - conumer debtors and receivables	192 218 488,00	66 259 000,00	44 931 000,00	111 190 000,00	81 028 488,00	73%	The huge variance is due to the increase in debtors which obviously resulted in the increase in interest levied on those debtors.
Licences & Permits	901 053,00	97 000,00	5 669 000,00	5 766 000,00	-4 864 947,00	-84%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Operational revenue	62 839 850,00	267 351 000,00	-71 179 000,00	196 172 000,00	-133 332 150,00	-68%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Rental of facilities and equipment	27 295 067,00	22 085 000,00	2 297 000,00	24 382 000,00	2 913 067,00	12%	Revenue on this item is dependent on usage of municipal facilities by the public. During the year, usage became more than what was anticipated.
Rendering of services	8 884 320,00	-	-	-	8 884 320,00	100%	Revenue on this item was not anticipated during the budget process, hence no provision was made.
Sale of goods	433 499,00	-	-	-	433 499,00	100%	Revenue on this item was not anticipated during the budget process, hence no provision was made.
Government grants and subsidies	928 344 709,00	589 271 000,00	30 305 000,00	619 576 000,00	308 768 709,00	50%	The amount for actuals is inclusive of capital grants while the operational budget only includes operating grants on this item

The Msunduzi Municipality

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28. Variance analysis comparison of budget against actual

Account Balance / Transaction / Disclosure	Current year-to-date actual amount as at: 30 June 2018	Current year budget amount, as per approved budget	Current year budget adjustment	Current year budget final amount	Difference between current year actual and budget - R	Difference between current year actual and budget - %	Explanation for significant fluctuations
Fines, penalties and forfeits	14 070 833,00	71 432 000,00	-565 000,00	70 867 000,00	-56 796 167,00	-80%	This is sundry revenue which is dependent on services that the municipality will be requested to render on behalf of other organisations. It is not possible to accurately estimate this amount. The municipality tries to be as conservative as possible when the estimate is done
Other transfers	14 897 250,00	-	-	-	14 897 250,00	100%	Revenue on this item was not anticipated during the budget process, hence no provision was made.
Classes of expenditure							
Operational costs	(112 112 495,00)	(444 351 000,00)	242 212 000,00	-202 139 000,00	90 026 505,00	-45%	The municipality implemented cost containment measures during the year and the results was a reduction in spending on operational costs
Transfers and subsidies	(27 842 629,00)	451 355 000,00	-91 413 000,00	359 942 000,00	-387 784 629,00	-108%	The municipality is currently embarking on a process of getting indigents to come forward and register which will result in expenditure against this item picking up
Classes of capital expenditure							
Capital expenditure	608 866 039,00	698 424 000,00	64 167 019,51	762 591 019,51	-153 724 980,51	-20%	The municipality implemented cost containment measures during the year and the results was a reduction in spending on operational costs

The Msunduzi Municipality

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Figures in Rand	2018	2017
29. Agency services		
Driver license renewals	2,577,730	2,729,560
Umgungunglovu District Municipality - Fire services	-	267,996
	2,577,730	2,997,556
30. Interest		
Interest - consumer debtors and other receivables		
Electricity	38,525,745	15,600,560
Merchandising, jobbing and contracts	459,762	262,964
Property rental debtors	375,253	333,169
Rates	45,817,144	27,666,061
Sanitation	16,928,904	11,965,074
Service charges	318,617	259,742
South African Revenue Services	35,637	1,469,613
Water	81,031,396	57,153,827
Waste Management	8,726,030	6,158,097
	192,218,488	120,869,107
Interest - Bank, call and investment accounts		
Call and investment accounts	22,115,427	50,267,947
Current bank account	16,930,763	3,363,530
	39,046,190	53,631,477
	231,264,678	174,500,584
31. License and permits		
Abnormal loads	576,940	144,896
Hoarding (collecting/storing)	-	103,370
Market porters	2,922	38,600
Taxi ranks	198,155	141,320
Trading	123,036	92,441
	901,053	520,627

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Figures in Rand	2018	2017
32. Operational revenue		
Administration and handling fees	1,700,548	2,126,835
Breakages and losses recovered	1,987	1,667
Bursary refund	186,143	2,950
Collection charges	9,870,545	6,034,828
Commission - insurance	633,368	196,463
Commission - transaction handling fees	20,659,584	20,410,431
Discount and early settlement	-	6,021
Forestry	-	4,925,252
Incidental cash surplus	1,765,841	702,802
Inspection fees facilities	-	525
Insurance refund	23,318	3,922,774
Landing fees	3,365,225	3,309,797
Market	4,438,202	-
Merchandising, jobbing and contracts	17,371,613	19,842,006
Passenger levy	6,830,866	4,945,442
Request for information - Plan printing and duplicates	49,676	64,197
Request for information - Municipal information/stats	-	1,095
Sale of property	227,052	4,698
Skills Development Levy refund	1,385,256	1,784,327
Staff recoveries	728	173,523
	68,509,952	68,455,633
33. Rental of facilities and equipment		
Premises		
Non-residential	18,503,743	18,034,977
Residential	8,556,572	7,353,958
	27,060,315	25,388,935
Facilities and equipment		
Adhoc rentals	-	579,730
Recreational facilities	234,752	175,391
	234,752	755,121
	27,295,067	26,144,056
34. Rending of services		
Advertising	280,050	607,186
Building plan approval	2,268,049	1,913,392
Camping fees	-	115,200
Cemetery and burial fees	2,993,253	3,107,048
Encroachment fees	-	745,165
Entrance fees	276,978	281,068
Fire services	236,382	256,119
Legal fees	139,660	1,345
Management fees	134,123	24,415
Rates clearance certificates	1,179,240	1,174,990
Removal of restrictions	-	177,700
Parking fees	589,448	2,098,967
Town planning and servitudes	760,931	574,215
Traffic control	-	76,892
Wayleave tariffs	25,465	12,243
Weighbridge fees	741	-
	8,884,320	11,165,945

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35. Sale of goods		
Cleaning and removal	35,576	-
Demolition application fees	2,233	-
Photocopies and faxes	5,487	-
Posters and charts	-	94
Sale of scrap and waste	2,046	38,555
Sub-division and consolidation	19,870	21,452
Tender documents	189,564	629,026
Timber sales	150,000	15,782,869
Valuation services	26,440	16
Waste paper	2,283	933,847
	433,499	17,405,859
36. Service charges		
Electricity	1,903,600,419	1,862,781,121
Refuse	100,292,577	88,916,983
Sanitation	142,280,802	121,773,982
Water	562,991,557	464,106,823
	2,709,165,355	2,537,578,909

Service charges is net of revenue forgone.

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37. Property rates

Rates received

Commercial	235,737,331	390,014,619
Communal land other	6,963,006	8,482,806
Farm properties	1,042,645	933,886
Industrial	119,304,148	-
Mining	84,360	79,420
Other categories	5,438,089	2,170,638
Public benefit organisations	1,909,108	24,650
Residential	487,646,981	386,436,204
Small home business	2,292,592	2,085,867
Unauthorised use	3,321,315	2,786,125
	863,739,575	793,014,215

Valuations

	Rate per category	2018	2017
Agriculture	0.0031	335,762,000	323,483,000
Commercial/Mining/Industrial/Unauthorised	-	21,459,009,424	21,211,122,624
Municipal properties	-	371,771,000	273,989,000
Residential	0.0127	37,243,415,027	36,937,211,527
Rural communal land	0.0031	533,290,000	523,630,000
Public benefit organisation	0.0031	720,676,000	650,810,000
Public service infrastructure	0.0172	112,787,000	108,831,000
Vacant land	0.0230	1,259,803,000	1,240,112,000
		62,036,513,451	61,269,189,151

General valuations on properties are performed every 4 years in terms of the Municipal Property Rates Act. The last general valuation came into effect on 1 July 2014. Supplementary valuations are taken place on an annual basis to take into account building additions, changes, sub divisions and consolidations.

The valuation roll came into effect on 1 July 2014.

38. Fines, penalties and forfeits

Buildings	71,671	163,165
Court fines	2,341,205	-
Law enforcement	11,826,205	17,525,407
Overdue books	13,652	43,735
Pound fees	-	77,438
Tender withdrawal	32,000	3,509
	14,284,733	17,813,254

In November 2015 the Director: Public Prosecution KwaZulu Natal removed the delegation in respect to speed prosecution by camera from the Municipality. This resulted in the revenue loss from law enforcement activities.

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Figures in Rand	2018	2017
39. Government grants and subsidies		
Operating grants		
Development of a Single Scheme - COGTA	350,000	-
Equitable share	468,430,000	432,307,000
Expanded Public Works Programme	8,022,000	3,912,513
Finance Management	1,700,000	1,625,000
Greater Edendale Development Initiative	1,630,281	3,619,817
Housing	151,416	20,551
Housing Accreditation Funding	8,555,915	8,014,173
Library	14,704,467	15,386,462
Manaye Area Precinct Upgrade	339,591	799,519
Municipal Infrastructure	17,747,663	15,036,282
Pietermaritzburg Airport	(4,733)	1,075,059
Public Transportation Infrastructure	12,798,631	15,108,200
Tatham Art Gallery	126,533	26,969
Youth Enterprise Park	(127,738)	345,495
	534,424,026	497,277,040
Capital grants		
Energy Efficiency Demand Side Management	-	8,000,000
Greater Edendale Development Initiative	14,095,539	5,115,210
Housing Accreditation Funding	994,631	9,431,221
Integrated National Electrification Programme	-	4,114,506
Manaye Area Precinct Upgrade	149,110	-
Market	77,653	-
Library	6,426,362	8,597,776
Municipal Infrastructure	177,589,410	174,516,842
Municipal Water Infrastructure	-	1,299,742
Neighbourhood Development Partnership	37,492,217	1,955,150
Pietermaritzburg Airport	-	1,467,147
Public Transport Infrastructure	118,568,105	184,922,800
Water Services Infrastructure	38,191,000	36,721,000
Youth Enterprise Park	336,656	-
	393,920,683	436,141,394
	928,344,709	933,418,434
Government Grants and Subsidies		
Included in above are the following grants and subsidies received:		
Equitable share	468,430,000	432,307,000
Operating grants	62,504,563	62,765,910
Capital grants	358,011,959	402,276,729
VAT recovered from National grants - operating	3,489,463	2,204,130
VAT recovered from National grants - capital	35,908,724	33,864,665
	928,344,709	933,418,434
Equitable Share		
Current year receipts	468,430,000	432,307,000
Conditions met - transferred to revenue	(468,430,000)	(432,307,000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The Msunduzi Municipality

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39. Government grants and subsidies (continued)

Finance Management Grant

Current-year receipts	1,700,000	1,625,000
Conditions met - transferred to revenue	(1,699,160)	(1,620,433)
VAT recovered from grant	(840)	(4,567)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in Local Government to implement the Local Government : Municipal Finance Management Act (MFMA).

Integrated National Electrification Programme

Balance unspent at beginning of year	3,885,495	551,300
Current-year receipts	-	8,000,000
Grant paid back to National Treasury	(3,885,495)	(551,299)
Conditions met - transferred to revenue	-	(3,960,459)
VAT recovered from grant	-	(154,047)
	-	3,885,495

Conditions still to be met - remain liabilities (see note 22).

To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.

Municipal Infrastructure Grant

Balance unspent at beginning of year	1,063,876	1,097,944
Grant paid back to National Treasury	-	(1,097,944)
Current year receipts	201,139,000	190,617,000
Conditions met - transferred to revenue	(174,838,655)	(166,947,282)
VAT recovered from grant	(20,498,418)	(22,605,842)
	6,865,803	1,063,876

Conditions still to be met - remain liabilities (see note 22).

The funding has been provided for addressing specific capital projects for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Municipal Water Services Infrastructure Grant

Current-year receipts	-	1,299,742
Conditions met - transferred to revenue	-	(1,140,125)
VAT recovered from grants	-	(159,617)
	-	-

To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to those communities identified not receiving basic water supply service.

The Msunduzi Municipality

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Figures in Rand	2018	2017
39. Government grants and subsidies (continued)		
Neighbourhood Development Partnership Grant		
Balance unspent at beginning of year	20,154,850	29,767,727
Current-year receipts	38,096,000	22,110,000
Grants paid back to National Treasury	(20,154,850)	(29,767,728)
Conditions met - transferred to revenue	(36,498,954)	(1,652,961)
VAT recovered from grants	(993,263)	(302,188)
	603,783	20,154,850

Conditions still to be met - remain liabilities (see note 22).

Funding provided for to support and facilitate the planning and development of neighbourhood development programs and projects that provide catalytic infrastructure to leverage third party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods.

Public Transportation Infrastructure Grant

Balance unspent at beginning of year	-	165,183,494
Current-year receipts	157,512,000	200,031,000
Grants paid back to National Treasury	-	(165,183,494)
Conditions met - transferred to revenue	(114,924,460)	(191,342,358)
VAT recovered from grants	(16,442,277)	(8,688,642)
	26,145,263	-

Conditions still to be met - remain liabilities (see note 22).

Funding provided for accelerated planning, construction and improvement of public and non-motorised transport infrastructure.

Housing Accreditation Funding

Balance unspent at beginning of year	33,846,353	38,147,554
Current-year receipts	9,545,040	10,189,200
Conditions met - transferred to revenue	(9,550,546)	(17,445,394)
Current year interest received	2,560,205	2,954,993
	36,401,052	33,846,353

Conditions still to be met - remain liabilities (see note 22).

Funding provided for Level 1 accreditation subsidy for the operation of the Housing Delivery Unit within the municipality.

Greater Edendale Development Initiative

Balance unspent at beginning of year	1,896,942	9,995,255
Current-year receipts	27,705,656	-
Conditions met - transferred to revenue	(15,725,820)	(8,735,026)
Current year interest received	981,646	636,713
	14,858,424	1,896,942

Conditions still to be met - remain liabilities (see note 22).

The funding was provided from the Department of Human Settlements to provide the following :

- To support GIS with the interrogation of housing layout against services in Edendale.
- Support the finalisation of the town planning scheme.

The Msunduzi Municipality

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39. Government grants and subsidies (continued)

- Development of an integrated land use management system for Edendale.
- To value additional properties which are not within the 5 priority housing projects.
- Advertising costs for expropriation of properties.
- Costs relating to tenure conflicts, cadastral and deed office rectification.
- Increasing the resources for sales administration with regard to drawing up, signing and managing sales agreement.
- Provision of further training for personnel using GIS and property tracking systems.
- Employment of two planning interns to be employed by the Land Legal Committee for a period of two years.

Library

Balance unspent at beginning of year	495,876	4,064,345
Current-year receipts	20,715,000	19,896,000
Conditions met - transferred to revenue	(21,130,829)	(23,984,238)
Current year interest received	731,450	519,769
	811,497	495,876

Conditions still to be met - remain liabilities (see note 22).

Funds provided by the Provincial Department of Arts and Culture for Libraries.

Market

Balance unspent at beginning of year	940,793	878,636
Conditions met - transferred to revenue	(77,653)	-
Current year interest received	62,394	62,157
	925,534	940,793

Conditions still to be met - remain liabilities (see note 22).

Funds received from Department of Co-operative Governance and Traditional Affairs for the market. The purpose of this grant is for the renovations and improvement of the fresh produce market which entails short term repairs, maintenance and the upgrading of existing facilities.

Publicity House Renovations

Balance unspent at beginning of year	2,906	2,714
Current year interest received	202	192
	3,108	2,906

Conditions still to be met - remain liabilities (see note 22).

Funds received from Co-operative Governance and Traditional Affairs to be used for the upgrade of the publicity house due to the building being structurally deteriorated.

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Figures in Rand	2018	2017
39. Government grants and subsidies (continued)		
Manaye Area Precinct Upgrade		
Balance unspent at beginning of year	4,350,712	-
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	(488,702)	(799,519)
Current year interest received	292,677	150,231
	4,154,687	4,350,712

Conditions still to be met - remain liabilities (see note 22).

Funds received from Co-operative Governance and Traditional Affairs for the Manaye Area Precinct Upgrade.

Youth Enterprise Park

Balance unspent at beginning of year	9,252,373	-
Current-year receipts	-	9,415,000
Conditions met - transferred to revenue	(208,918)	(345,495)
Current year interest received	627,018	182,868
	9,670,473	9,252,373

Conditions still to be met - remain liabilities (see note 22).

Funds received from Co-operative Governance and Traditional Affairs for Youth Enterprise Park which emerged to address the challenges of finding appropriate localities for businesses. The concept of the park will be to cluster a purpose built park of 30 to 50 container enterprises in a particular locality either in community, small town or rural district or as part of urban or rural renewal programmes. The programme will also offer on site training facilities and support micro enterprises that operate within the park. The idea is to create a purpose built precinct at scale where the local community is able to take up local economic community opportunities to establish businesses. The Youth Enterprise Park should fundamentally be able to reconnect the economy with communities whose needs offer economic opportunity for its local entrepreneurs.

Expanded Public Works Programme

Balance unspent at beginning of year	2,896,487	-
Current-year receipts	8,022,000	6,809,000
Conditions met - transferred to revenue	(8,022,000)	(3,912,513)
Grant paid back to National Treasury	(2,896,487)	-
	-	2,896,487

Conditions still to be met - remain liabilities (see note 22).

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines:

- road maintenance and the maintenance of buildings
- low traffic volume roads and rural roads
- basic services infrastructure, including water and sewer reticulation, sanitation and pipelines (excluding bulk infrastructure)-other economic and social infrastructure
- tourism and cultural industries
- waste management
- parks and beautification

The Msunduzi Municipality

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Figures in Rand	2018	2017
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39. Government grants and subsidies (continued)

- sustainable land-based livelihoods
- social services programmes
- health service programmes
- community safety.

Energy Efficiency and Demand Side Management Grant

Current-year receipts	-	8,000,000
Conditions met - transferred to revenue	-	(7,920,146)
VAT recovered from grants	-	(79,854)
	-	-

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	3,797
Grant paid back to National Treasury	-	(3,797)
	-	-

Funding provided to assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation.

Housing

Balance unspent at beginning of year	151,416	171,967
Conditions met - transferred to revenue	(151,416)	(20,551)
	-	151,416

Conditions still to be met - remain liabilities (see note 22).

Funds received from Department of Human Settlements to provide funding for the creation of sustainable human settlements.

Water Services Infrastructure Grant

Current-year receipts	38,191,000	36,721,000
Conditions met - transferred to revenue	(36,727,610)	(32,646,964)
VAT recovered from grant	(1,463,390)	(4,074,036)
	-	-

To facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities. Provide interim, intermediate water and sanitation services that ensure provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equipping of boreholes and on-site solutions. To support drought relief projects in affected municipalities.

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Figures in Rand	2018	2017
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39. Government grants and subsidies (continued)

Electricity Smart Grids

Balance unspent at beginning of year	247,097	230,783
Refund to grant provider	(247,097)	-
Current year interest received	-	16,314
	-	247,097

Conditions still to be met - remain liabilities (see note 22).

The funding has been provided for the deployment of smart grid solutions to deal with municipal revenue enhancement and public building energy efficiency, data acquisition, collection, modelling and management together with the over-arching facilitation of stakeholder participation and collaboration, cognisant of human capital development and knowledge sharing or transfer to improve the application, adaptability and scalability of such technologies.

Pietermaritzburg Airport

Balance unspent at beginning of year	(1,417,762)	-
Current-year receipts	1,467,147	1,124,444
Conditions met - transferred to revenue	4,733	(2,542,206)
	54,118	(1,417,762)

Conditions still to be met - remain liabilities (see note 22).

The funding has been provided for the development and construction of a Pietermaritzburg Technology (Science) Park at the Pietermaritzburg Airport.

In the prior year there was a delay in receiving funding from KZN Treasury council funding was used to complete the projects.

Operation Dlulisumlando

Balance unspent at beginning of year	1,500,000	1,500,000
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Conditions still to be met - remain liabilities (see note 22).

Funds provided by the Office of the Premier to support both the establishment and implementation of the Dlulisumlando Project, a national historical development initiative and imperative.

Electricity Grant - COGTA

Balance unspent at beginning of year	4,569	4,265
Current year interest received	308	304
	4,877	4,569

Conditions still to be met - remain liabilities (see note 22).

Funding provided by Corporate Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.

Oribi Village

Current-year receipts	689,836	-
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Conditions still to be met - remain liabilities (see note 22).

Funding provided by Department of Human Settlements for the preparation of a detailed planning, design and construction of Oribi Village.

The Msunduzi Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
39. Government grants and subsidies (continued)		
Development of a Single Scheme		
Balance unspent at beginning of year	1,004,504	-
Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	(350,000)	-
Current year interest received	60,598	4,504
	715,102	1,004,504

Conditions still to be met - remain liabilities (see note 22).

Funding provided by Co-operative Governance and Traditional Affairs for the replacement of transformers and installation of solar powered street and traffic lighting.

Spoornet

Balance unspent at beginning of year	-	429,454
Current year interest received	-	15,045
Transfer to Municipal Housing Operating Account	-	(444,499)
	-	-

Tatham Art Gallery

Balance unspent at beginning of year	-	26,969
Current-year receipts	820,000	-
Conditions met - transferred to revenue	(126,533)	(26,969)
Current year interest received	25,992	-
	719,459	-

Conditions still to be met - remain liabilities (see note 22).

Funds provided by the Provincial Department of Arts and Culture for Tatham Art Gallery to provide financial support to the municipality with a focus on the development and maintenance of museum care and preservation of our culture heritage.

Beneficiary Audit and Transfers

Current-year receipts	9,211,500	-
Current year interest received	390,890	-
	9,602,390	-

Conditions still to be met - remain liabilities (see note 22).

Funding provided by Department of Human Settlements as part of the restoration programme to assist in fast tracking the issuing of title deeds to the people of Msunduzi. The funding is provided for the appointment of social facilitators and a panel of conveyancers to undertake this process.

Edendale Unit BB - Land Acquisition

Current-year receipts	8,624,156	-
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Conditions still to be met - remain liabilities (see note 22).

Funding provided by Department of Human Settlements for the land expropriation process of privately owned properties that are in the General Plan that cannot be registered under the Municipality's name to give effect to the transfer to the 151 properties in the Edendale BB township.

The Msunduzi Municipality

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Figures in Rand	2018	2017
40. Other transfers		
Artwork - various donors	-	168,341
Ingwe Municipality	-	4,975,330
KwaZulu Natal Department of Transport	4,897,250	11,122,850
KwaZulu-Natal Department of Human Settlement	10,000,000	-
Noshezi recreation facilities	-	57,180
	14,897,250	16,323,701

41. Bad debt written off

Electricity	296,322	8,933,184
Housing	147,498	-
Property rental	28,519	827,703
Other services charges	-	4,025,473
Rates	60,638	-
Refuse	84,354	2,174,825
Sanitation	29,771	4,061,016
Water	202,788	20,777,838
	849,890	40,800,039

Debt Recovery Plan

The debt that has been written off in the current financial year includes debts that relates to the previous financial years.

The municipality has embarked on a debt recovery plan that is focusing on the key Industrial, Commercial and Government debtor categories. The approach is based on the fact that these categories of debtors have a greater potential to pay their service debts that are due, enhancing the municipalities cash flow situation.

The Revenue Enhancement process deals with the escalating debtor's book in the following manner:

- Analysis of our debtor's book to ascertain that there is no existence of debtor accounts balances with prescribed debt.
- All prescribed debt will be reviewed for its existence and valuation to establish if a consumer is consuming the services and are benefiting but not paying with the hope that the municipality will write off the debt.
- Converting indigent customer's meters into prepaid meters.
- In the pipe line, is the plan to convert water credit meters into water prepaid meters
- Illegal tampering by customers will result in immediate disconnection of services.
- A dedicated team to handle disconnection services.
- We are also doing disconnection over the weekend
- Installation of all new services installations will be strictly done through prepaid meters
- Implementation of municipality approved credit control policies.

42. Bulk purchases

Electricity	1,483,727,730	1,479,188,329
Water	473,271,250	387,094,487
	1,956,998,980	1,866,282,816

The Msunduzi Municipality

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Figures in Rand	2018	2017
43. Contracted services		
Outsourced Services		
Administrative and Support Staff	3,536,528	2,618,672
Alien Vegetation Control	28,581	58,887
Animal Care	1,178,842	1,113,166
Burial Services	361,913	260,764
Business and Advisory	88,715,380	83,384,978
Catering Services	24,000	6,962
Cleaning Services	4,111,545	4,010,410
Clearing and Grass Cutting Services	11,073,664	3,210,741
Communication	225,103	1,665,952
Connection/Dis-connection	6,635,427	4,152,805
Human resources	12,280,121	9,254,590
Hygiene Services	1,794,291	938,487
Personnel and Labour	-	35,921
Professional Staff	3,000,379	133,100
Project management	24,680,461	9,237,163
Qualification verification	157,025	186,228
Refuse Removal	5,948,280	6,735,827
Researcher	2,327,260	1,046,750
Security Services	100,929,718	112,679,021
Sewerage Services	1,576,050	-
Traffic Fines Management	149,232	551,356
Valuer	1,084,990	4,876
Consultants and Professional Services		
Business and Advisory	33,797,907	41,323,921
Infrastructure and Planning	6,397,222	629,640
Laboratory Services	246,171	275,656
Legal Cost	31,157,206	18,722,721
Contractors		
Artists and Performers	475,000	383,000
Audio-visual Services	27,500	-
Building	8,757,440	3,377,194
Catering Services	62,575	256,375
Electrical	10,361,041	179,006
Employee Wellness	80,139	69,116
Event Promoters	-	4,203,457
Fire Protection	-	560
Fire Services	-	4,027
Forestry	2,899,550	-
Gas	811	591
Graphic Designers	258,772	156,862
Haulage	-	7,858,407
Maintenance of Buildings and Facilities	20,373,362	27,151,137
Maintenance of Equipment	41,424,500	41,168,181
Maintenance of Unspecified Assets	64,496,593	55,643,818
Medical Services	267,082	2,606,901
Pest Control and Fumigation	-	135,643
Plants, Flowers and Other Decorations	-	7,984
Prepaid Electricity Vendors	2,447,594	2,541,861
Preservation/Restoration/Dismantling/Cleaning Serv	-	593,510
Safeguard and Security	379,000	1,840,428
Sewerage Services	121,685,550	102,750,182
Sports and Recreation	7,725	132,846
Stage and Sound Crew	13,000	71,290
Stream Cleaning and Ditching	176,000	10,315
Traffic and Street Lights	1,051,091	1,534,113
Transportation	2,347,683	1,490,356

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Figures in Rand	2018	2017
43. Contracted services (continued)		
	619,009,304	556,405,754
Totals per category		
Outsourced services	269,818,790	241,286,656
Consultants and professional services	71,598,506	60,951,938
Contractors	277,592,008	254,167,160
	619,009,304	556,405,754
44. Depreciation and amortisation		
Community	31,086,937	45,343,272
Computer software	17,818,884	13,078,423
Finance leases	-	483,365
Infrastructure	329,154,799	451,923,073
Property plant and equipment	22,281,988	21,034,068
Other assets	65,085,626	65,205,384
	465,428,234	597,067,585

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Figures in Rand	2018	2017
45. Employee related costs		
Remuneration of other municipal staff		
Basic	716,247,923	640,606,239
Contributions for pensions and medical aids	185,956,198	202,108,181
Contributions for UIF	11,792,304	11,463,383
Defined benefit plan expenses	23,790,207	(15,219,185)
Housing benefits and allowances	3,842,879	4,026,688
Long-service awards	29,120,065	78,556,597
Overtime payments	59,438,461	56,664,108
Travel, motor car, accommodation, subsistence and other allowances	78,395,150	62,651,443
	1,108,583,187	1,040,857,454
Defined benefit plan (gains)/losses breakdown		
Actuarial medical contributions	(25,554,020)	(21,141,300)
Current service costs	21,446,589	19,368,373
Interest costs	59,682,706	59,784,161
Net actuarial gains	(31,785,068)	-
	23,790,207	58,011,234
The municipality's staff complement as at 30 June 2018 was 5,786 (2017: 5,791)		
Remuneration of Municipal Manager (MA Nkosi)		
Annual Remuneration	-	743,656
Car Allowance	-	110,308
Contributions to UIF, Medical and Pension Funds	-	97,568
Housing allowance	-	90,000
Performance Bonuses	-	9,000
	-	1,050,532
Remuneration of Municipal Manager		
Annual Remuneration	1,831,654	1,606,269
Car Allowance	115,199	102,399
Contributions to UIF, Medical and Pension Funds	180,371	158,396
Housing Allowance	216,000	216,000
Non-pensionable allowance	99	-
Phone allowance	26,561	26,400
	2,369,884	2,109,464
Remuneration of Chief Financial Officer		
Annual Remuneration	1,370,564	1,206,717
Car Allowance	186,483	166,502
Contributions to UIF, Medical and Pension Funds	129,565	113,589
Housing Allowance	180,000	180,000
Leave pay	34,890	-
Non-pensionable allowance	99	-
Phone allowance	15,465	14,400
	1,917,066	1,681,208
Remuneration of Deputy Municipal Manager Community Services		
Annual Remuneration	1,433,593	1,281,423
Car Allowance	134,454	120,048

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Figures in Rand	2018	2017
45. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	207,956	187,769
Housing allowance	82,680	82,680
Leave pay	17,127	-
Non-pensionable allowance	99	-
Phone allowance	17,417	14,400
	1,893,326	1,686,320
Remuneration of Deputy Municipal Manager Corporate Services		
Annual Remuneration	1,434,117	1,304,257
Car Allowance	134,454	132,215
Contributions to UIF, Medical and Pension Funds	272,990	248,118
Phone allowance	15,753	14,400
Leave pay	30,057	-
Non-pensionable allowance	99	-
	1,887,470	1,698,990
Remuneration of Deputy Municipal Manager Infrastructure Services		
Annual Remuneration	1,274,805	1,165,493
Car Allowance	226,501	216,536
Contributions to UIF, Medical and Pension Funds	187,238	165,756
Housing benefits	120,000	120,000
Leave Pay	(56,249)	-
Non-pensionable allowance	2,089	-
Phone allowance	20,831	18,000
	1,775,215	1,685,785
Remuneration of Deputy Municipal Manager Development Services		
Annual Remuneration	883,096	1,171,044
Car Allowance	105,341	199,803
Contributions to UIF, Medical and Pension Funds	61,149	116,054
Housing allowance	75,000	180,000
Phone allowance	6,139	14,400
Non-pensionable allowance	41	-
	1,130,766	1,681,301
Remuneration of Executive Manager Internal Audit		
Annual Remuneration	913,399	826,350
Car Allowance	153,262	153,262
Contributions to UIF, Medical and Pension Funds	199,562	177,995
Housing benefits	9,559	8,904
Leave Pay	25,938	-
Non-pensionable allowance	99	-
Phone allowance	9,000	9,000
	1,310,819	1,175,511
Reconciliation of employee related costs		
Remuneration of other municipal employees	1,108,583,187	1,040,857,454
Section 57 employees	12,284,546	12,769,111
	1,120,867,733	1,053,626,565

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Figures in Rand	2018	2017
46. Finance costs		
Finance leases	42,586	374,461
Non-current borrowings	63,136,161	68,067,562
Trade and other payables	2,505	21,018
	63,181,252	68,463,041
47. Inventory consumed		
Agricultural assets	76,607	-
Consumables	66,015,927	39,562,838
Finished goods	-	26,302
Materials and supplies	3,134,770	6,435,836
	69,227,304	46,024,976
48. Operational costs		
Achievements and awards	-	4,894
Advertising, publicity and marketing	11,699,896	12,343,181
Bank charges, facility and card fees	5,446,736	6,049,555
Bursaries (employees)	483,480	461,351
Cash discount	1,228,901	12,148,636
Catering municipal activities	3,393,921	6,050,597
Cleaning services	26,407	23,926
Commission	11,800,028	11,408,978
Communication	11,595,144	12,626,504
Courier and delivery services	395	-
Deed searches	31,980	1,528
Drivers licences and permits	4,360	8,953
Entertainment	202,646	131,625
External audit fees	6,882,197	4,973,649
External computer service	10,982,813	15,854,095
Insurance underwriting	3,611,099	7,952,521
Learnerships and internships	2,795,867	3,609,937
Licences	2,250,861	2,745,645
Management fee	336,572	1,131,166
Market	-	13,618,869
Municipal services	17,254	-
Office decorations	65,543	48,862
Parking fees	122	-
Printing, publications and books	4,768,692	5,701,711
Professional bodies, membership and subscription	12,354,734	10,846,812
Registration fees	893,828	2,437,455
Remuneration to ward committees	-	36,800
Servitudes and land surveys	428,893	456,636
Signage	373,438	482,948
Skills Development Fund Levy	8,801,167	5,687,842
Storage of files	11,194	-
Toll gate fees	963	3,438
Travel agency fees	129,935	343,527
Travel and subsistence	1,503,454	10,957,896
Uniform and protective clothing	6,381,759	5,734,738
Vehicle tracking	2,218,117	1,453,100
Workmen's Compensation Fund	1,400,437	540,278
	112,122,833	155,877,653

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Figures in Rand	2018	2017
49. Operating leases		
Buildings	2,311,810	1,688,100
Machinery and equipment	10,948,532	12,728,468
Transport	28,851,892	31,688,351
	42,112,234	46,104,919

The contracts relating to the above lease agreements do not extend over a year and are used as and when the equipment are required for hire.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
50. Remuneration of councillors		
Total remuneration of councillors	45,020,093	43,574,297
Remuneration of Chief Whip		
Basic salary	718,869	719,839
Phone allowance	26,400	23,212
Medical aid	19,913	18,797
Contribution for pensions	107,830	107,976
Travel allowance	74,470	94,068
	947,482	963,892
Remuneration of Mayor		
Basic salary	1,197,607	1,159,427
Phone allowance	45,420	40,014
Medical Aid	44,792	30,535
	1,287,819	1,229,976
Remuneration of Deputy Mayor		
Basic salary	732,913	732,913
Phone allowance	45,420	45,420
Travel allowance	159,778	160,543
Contribution to pension fund	109,937	109,937
	1,048,048	1,048,813
Remuneration of Speaker		
Basic salary	809,907	818,669
Phone allowance	45,420	42,878
Contribution to pension fund	121,042	81,573
Travel allowance	72,765	72,000
	1,049,134	1,015,120
Remuneration of Executive councillors		
Basic salary	3,366,732	5,578,916
Phone allowance	151,200	208,747
Contribution to medical aids	100,470	166,378
Travel allowance	512,471	1,232,766
Contributions to pension funds	377,751	704,101
	4,508,624	7,890,908
Remuneration of other councillors		
Basic salary	24,423,713	23,308,006
Phone allowance	1,829,700	1,428,738
Housing allowance	126,738	-
Travel allowance	5,358,256	3,667,486
Contributions to medical aids	1,277,220	713,142
Contributions to pension funds	3,163,359	2,308,216
	36,178,986	31,425,588

The Msunduzi Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
50. Remuneration of councillors (continued)		
In-kind benefits		
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.		
The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.		
51. Transfers and Subsidies		
Other subsidies		
Arbitration awards	462,818	-
Grants in aid	12,030,747	14,855,708
Injury on duty	1,695,247	4,356,584
Post retirement benefits	3,893,874	23,699,277
Safe City	7,807,954	6,841,228
	25,890,640	49,752,797
52. Fair value adjustments on investment property		
Gains on investment property	9,638,690	188,741,552
Losses on investment property	(100,000)	(59,761,680)
	9,538,690	128,979,872
53. Gains/(losses) on agricultural assets and living resources		
Gains/(losses) on biological assets and agriculture	9,954,881	(4,255,584)
54. Impairment of consumer and other debtors		
Electricity	22,512,399	(139,581,703)
Independent Development Trust	63,037,936	(59,542,743)
Rates	(9,562,218)	(34,489,024)
Refuse	25,972,125	(20,829,542)
Traffic fines	53,405,673	(14,150,507)
Sanitation	(66,362,963)	(38,699,652)
Water	(437,258,518)	(203,146,867)
Insurance	(1,018,826)	-
	(349,274,392)	(510,440,038)

The Msunduzi Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
55. Impairment loss relating to non-current assets		
Impairments		
Property plant and equipment	(3,722,559)	(8,538,222)
Property, plant and equipment The procedure used to determine if the asset was impaired was to physically inspect the asset and determine if the asset was impaired and what factors contributed to the impairment and then comparing the condition, age and cost of the asset to the current records in the asset register and if there was a change this was then adjusted accordingly		
Intangible assets	-	(100,339)
The impairment is in respect to software that were utilised by various business unit that are now redundant due to purchase of SAP ERP by the municipality.		
Heritage assets	(6,200)	-
The impairment is in respect to a flooding that occurred at the Tatham Art Gallery.		
	(3,728,759)	(8,638,561)
56. Inventories losses		
Inventories gains	33,371,801	24,167,431
Inventories losses	(38,114,813)	(39,947,315)
	(4,743,012)	(15,779,884)
57. Loss on disposal of assets		
Machinery and equipment	(871,236)	(1,304,192)
58. Cash generated from operations		
Surplus (deficit)	10,465,596	(336,080,056)
Adjustments for:		
Depreciation and amortisation	465,428,234	597,067,585
(Gain)/loss on agricultural assets and living resources	(9,954,881)	4,255,584
Loss on disposal of assets	871,236	1,304,192
Operating loss - forestry	-	8,693,617
Inventory losses	(4,743,012)	15,779,884
Fair value adjustments	(9,538,690)	(128,979,872)
Impairment loss relating to non current assets	3,728,759	8,638,560
Movement in revaluation reserve	629,500	(1,101,200)
Movements in capital replacement reserve	(71,966,612)	12,354,006
Movements in retirement benefit obligation	(1,763,812)	(15,221,992)
Movements in current provisions	1,907,498	2,031,146
Movement in non current provisions	10,227,993	50,938,091
Movement on housing development fund	7,123,727	4,004,913
Other non cash items	66,572,546	12,937,411
Changes in working capital:		
Inventories	(17,193,582)	1,388,451
Receivables from exchange transactions	52,986,192	30,587,490
Receivables from non exchange transactions	(5,031,230)	(1,085,042)
Consumer debtors	(335,713,212)	101,406,143
Payables from exchange transactions	200,675,864	195,424,261
VAT	69,186,761	(40,953,234)
Unspent conditional grants and receipts	42,073,076	(173,079,460)
	475,971,951	350,310,478

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
59. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to SALGA / Kwanaloga		
Current year subscription / fee	945,192	849,157
Amount paid - current year	(945,192)	(849,157)
	-	-
Audit fees		
Opening balance	62,173	122,684
Current year fees	6,882,196	4,914,429
Amount paid - current year	(6,845,878)	(4,974,940)
	98,491	62,173
PAYE and UIF		
Current year	152,149,632	140,297,512
Amount paid - current year	(152,149,632)	(140,297,512)
	-	-
Pension and Medical Aid Deductions		
Current year	268,399,720	297,846,833
Amount paid - current year	(268,399,720)	(297,846,833)
	-	-
VAT		
VAT payable	81,342,959	12,156,198

VAT output payables and VAT input receivables are shown in note 23.

All VAT returns have been submitted by the due date throughout the year.

The Municipality claimed a refund of R10,206,821 in VAT period June 2018.

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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59. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

Normal credit control procedures have been applied for the recovery of all outstanding debt.

Councillors have made arrangements to re-pay outstanding debt.

The following Councillors had accounts outstanding for more than 90 days as at 30 June 2018:

30 June 2018	Outstanding more than 90 days R
Dolo Zondi	7,054
Ignatia Madondo	1,036
Mduduzi Njilo	37,608
Nkosinathi Mbanjwa	2,093
Sandile Dlamini	26,440
Siphiwe Ndawonde	43,417
Thandiwe Zungu	2,876
Thinasonke Ntombela	2,093
Vusumuzi Magubane	71,518
	194,135

30 June 2017	Outstanding more than 90 days R
Najmah Ahmed	8,851
Sandile Dlamini	17,482
Vusumuzi Magubane	58,334
Nkosinathi Mbanjwa	2,532
Ignatia Madondo	1,553
Dorcas Mkhize	62,363
Prudence Msimang	4,235
Siphiwe Ndawonde	73,686
Thinasonke Ntombela	2,532
Mduduzi Njilo	16,083
Dumisani Phungula	4,680
Thandiwe Zungu	2,789
	255,120

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

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60. Deviation from supply chain management regulations

Regulation 36 of the Municipal SCM Regulations of 2005 permits the Accounting Officer to "dispense with official procurement processes established by the policy and to procure any required goods or services through any convenient process".

This would typically include urgent and emergency cases, single-source goods and services, and any other cases where it impractical to follow normal SCM process. In the event of such a decision, the Accounting Officer is required to report this to the next Council meeting for noting.

Computer expenditure	1,682,777	2,542,026
Legal	-	420,276
Health and safety	406,143	-
Other	7,014,188	1,188,076
Repairs and maintenance	4,477,844	135,972
Repairs to motor vehicles	5,707,391	6,864,235
Repairs to property, plant and equipment	3,255,447	4,876,125
Service delivery	6,063,840	4,081,054
Water quality testing	-	109,632
	28,607,630	20,217,396

Regulation 45

Awards to close family members of persons in the service of the state.

Employee name / Supplier name	Job title	Amount paid
Mchunu Nomvula Teressa	General worker infrastructure business unit	698,201
Mthembu Samkelisiwe	Creditors clerk	221,292
Enforce Security	MEC COGTA	502,155
Brenden Sivparsad	Senior Manager Water and Sanitation	12,739,945
		14,161,593

The Msunduzi Municipality

Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
61. Commitments		
Authorised capital expenditure		
• Approved and contracted	439,282,124	400,418,024
Total capital commitments	439,282,124	286,937,011
Authorised operational expenditure		
• Approved and contracted	507,397,498	76,728,165
Total operational commitments	507,397,498	76,728,165
Total commitments	946,679,622	477,146,189
Commitments are exclusive of Value Added Taxation.		
62. Contingencies		
Refer to Appendix F for a detailed listing to contingent liabilities	55,864,793	38,970,191

The Msunduzi Municipality

The Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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63. Related Parties

Safe City NPC has been formed as partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

Related party balances

Grant paid to Safe City Msunduzi NPC	9,759,943
Brenden Sivparsad - Senior Manager Water & Sanitation	12,739,945
Enforce Security - MEC COGTA	502,155
	23,002,043

Remuneration of management for the current year refer to note 50.

Full Names	Basic Salary	Cellphone Allowance	Data Card	Housing Subsidy	Medical Aid	Pension	Subsistence & Travel Allowance	Transport	Grand Total
Adkins Shawn	358,987	22,800	4,500	-	-	53,848	-	45,871	486,006
Ahmed Najmah Banu	324,577	22,800	3,600	-	16,637	48,686	-	68,806	485,106
Ahmed Rooksana	281,840	22,800	3,600	-	19,913	42,276	-	114,676	485,106
Amod Michael	362,353	22,800	3,600	-	43,361	54,353	-	42,000	528,467
Atwaru Naleni	330,186	22,800	3,600	-	33,122	49,371	-	45,871	484,949
Chetty Claudell	426,597	22,800	3,600	-	-	-	-	32,109	485,106
Dlamini Ambrosia	381,824	22,800	3,600	-	19,609	57,273	-	-	485,106
Dlamini Godman	370,800	22,800	3,600	-	32,286	55,620	-	-	485,106
Dlamini Sandile	378,931	22,800	3,600	-	-	56,840	-	22,935	485,106
Dlamini Tholakele Ignatia	551,428	22,800	3,600	38,246	33,122	82,714	-	235,170	967,080
Dlela Nomalady	303,859	22,800	3,600	-	15,277	24,893	-	114,677	485,106
Duma Prince	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Gambu Nkosinathi	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Goga Mohammed	288,721	22,800	3,600	12,000	-	43,308	-	114,677	485,106
Gwala Nelisiwe	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Gwala Sindisiwe Cydy	273,132	22,800	3,600	-	29,927	40,970	-	114,677	485,106
Haswell Uraisha Jasomay	25,403	1,900	300	-	-	3,811	-	9,012	40,426
Inderjit Manilal	377,089	22,800	3,600	-	25,053	56,563	-	-	485,106
Jugmohan Renesha	438,400	22,800	3,600	-	16,637	-	-	3,669	485,106
Khumalo Sphamandla	736,184	22,800	3,600	-	-	110,428	-	94,068	967,080
Lambert William Francis	449,532	22,800	3,600	-	-	-	-	9,174	485,106
Lyne Sandra Patricia	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Madlala Linda Linford	280,264	22,800	3,600	-	21,533	42,065	-	114,677	484,938
Madlala Siphomandla	265,899	22,800	3,600	38,246	-	39,885	-	114,677	485,106
Madonda Siphon Innocent	301,998	22,800	3,600	-	42,602	45,300	-	68,806	485,106
Madondo Ignatia	278,050	22,800	3,600	-	24,272	41,707	-	114,676	485,106
Magubane Vusumuzi Truman	718,869	22,800	3,600	-	19,913	107,830	-	94,068	967,080
Majola Jerome	599,020	22,800	3,600	-	16,637	89,853	-	235,170	967,080
Majola Nomagugu Eunice	724,503	22,800	3,600	-	46,206	108,695	-	61,144	966,949
Majola Sboniso Terrence	284,661	22,800	3,600	-	16,669	42,699	-	114,677	485,106
Mbanjwa Nkosinathi	370,757	22,800	3,600	-	42,078	-	-	45,871	485,106
Mc Arthur Glenn Robert	817,983	22,800	3,600	-	-	122,697	-	-	967,080
Mhlongo Snothi	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Mkhize Dorcas	381,559	22,800	3,600	-	19,913	57,234	-	-	485,106
Mkhize Mtuza Bhethemba	274,059	22,800	3,600	-	28,862	41,109	-	114,677	485,106
Mkhize Nkululeko	306,678	20,900	3,300	-	20,019	46,002	-	47,782	444,680
Mncwango Gladness	264,584	22,800	3,600	-	39,758	39,688	-	114,677	485,106
Molefe Thabiso	259,069	22,800	3,600	-	46,019	38,871	-	114,677	485,035
Msimang Prudence Nokuthula	766,456	22,800	3,600	-	33,122	-	-	141,102	967,080
Mtshali Blessing	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Ndawonde Siphwe Caiphas	358,319	22,800	3,600	-	46,559	53,758	-	-	485,035
Ndlovu Nelisiwe Zanele	266,134	22,800	3,600	-	37,975	39,456	-	114,677	484,642
Nene Jabulani	295,284	22,800	3,600	-	33,122	44,293	-	86,007	485,106
Nene Sifiso	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Ngcobo Jeffrey Mbuyiselwa	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Ngcobo Katherine	281,840	22,800	3,600	-	19,913	42,276	-	114,677	485,106
Ngongoma Xolani	358,788	22,800	3,600	-	46,019	53,829	-	-	485,035
Ngubane Sandile	250,741	22,800	3,600	38,246	46,019	37,622	-	86,007	485,035
Ngube Gugu	269,436	22,800	3,600	-	34,178	40,278	-	114,677	484,968
Ngubo Jabulisile Joyce	809,907	41,820	3,600	-	-	121,042	-	72,000	1,048,369
Ngubo Manqoba	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Ngubo Regina	373,444	22,800	3,600	-	29,245	56,017	-	-	485,106
Nhlabathi Bongumusa	297,204	22,800	3,600	-	2,245	44,581	-	114,677	485,106
Niemand Rienus	340,080	22,800	3,600	-	21,749	51,011	-	45,871	485,111

The Msunduzi Municipality

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63. Related Parties

Full Names	Basic Salary	Cellphone Allowance	Data Card	Housing Subsidy	Medical Aid	Pension	Subsistence & Travel Allowance	Transport	Grand Total
Njilo Mduduzi	1,197,607	41,820	3,600	-	44,792	-	195	-	1,288,014
Ntombela Ethel	269,626	22,800	3,600	-	33,960	40,558	-	114,677	485,220
Ntombela Thinasonke Dennis	581,136	22,800	3,600	-	37,203	87,254	-	235,170	967,163
Ntshangase Ntuthuko	266,824	22,800	3,600	-	37,182	40,024	-	114,677	485,106
Oumar Mehmood Ul	344,029	22,800	3,600	-	-	-	-	114,677	485,106
Phungula Dumisani Bernard	258,763	22,800	3,600	-	46,452	38,814	-	114,676	485,106
Schalkwyk Mary	584,532	22,800	3,600	-	33,298	87,680	-	235,170	967,080
Shange Sandile	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Singh Melika	426,597	22,800	3,600	-	-	-	-	32,109	485,106
Sithole Philisiwe	762,617	22,800	3,600	-	16,637	114,393	-	47,034	967,080
Sithole Thamsanqa	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Sivnath Rajdave	398,875	22,800	3,600	-	-	59,831	-	-	485,106
Sokhela Balozile Cynthia	358,533	22,800	3,600	-	2,815	53,780	-	43,577	485,106
Sokhela Mansizwa Simon	271,916	22,800	3,600	-	31,326	40,787	-	114,677	485,106
Soobiah Rachel	262,443	22,800	3,600	-	42,220	39,366	-	114,677	485,106
Strachan Ross	436,957	22,800	3,600	-	21,749	-	-	-	485,106
Winterbach Ludwig Johann	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Zondi Dolo Phillip	339,044	22,800	3,600	-	-	50,856	-	68,806	485,106
Zondi Hamilton	287,496	22,800	3,600	-	42,078	43,124	-	86,007	485,106
Zondo Makhosazane Precious	375,607	22,800	3,600	-	-	56,341	-	26,758	485,106
Zuma Bukelani Ephraim	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Zuma Michael Bhekabantu	284,689	22,800	3,600	-	16,637	42,703	-	114,677	485,106
Zuma Thobani Reginald	732,913	41,820	3,600	-	-	109,937	195	160,543	1,049,008
Zungu Ningi	299,156	22,800	3,600	-	-	44,873	-	114,677	485,106
Zungu Thandiwe Rose	284,689	22,800	3,600	-	16,637	42,703	-	114,677	485,106
	30,867,102	1,835,460	281,700	126,738	1,442,558	3,879,919	390	6,197,338	44,631,205

The Msunduzi Municipality

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64. Events after the reporting date

No events to report on after the reporting date.

The Msunduzi Municipality

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Figures in Rand	2018	2017
65. Prior period errors		
The comparative statements for 2016/2017 financial year have been restated to recognise the amendments relating to all of the errors below.		
The effects of the changes are detailed below:		
Statement of Financial Position		
Property plant and equipment		
Land and buildings		
During the current financial year the municipality conducted an investigation to identify properties owned by the municipality but not included on the FAR and properties that are privately owned but incorrectly included on the FAR. Further the municipality identified impairment losses on buildings that were not previously recognised.		
Balance previously reported	1,466,777,080	
Properties owned by the Municipality previously written off	14,388,000	
Properties previously not recognised on the asset register	8,008,000	
Impairment loss not previously recognised	(284,052)	
Restated balance	1,488,889,028	
Infrastructure Assets		
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating.		
Balance previously reported	4,577,106,149	
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount	136,903,424	
Restated balance	4,714,009,573	
Community Assets		
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating		
Balance previously reported	420,902,632	
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount	16,473,844	
Restated balance	437,376,476	
Other assets		
During the current year the municipality identified assets whose useful life was not reviewed and had stopped depreciating. Furthermore during the current year the municipality identified assets that were found on the floor during asset verification but not on the fixed asset register and valued assets that were previously recorded at nil values.		
Balance previously reported	395,336,588	
Addition of assets found on the floor not recorded on FAR	3,924,213	
Valuation of assets that were recorded at nil value	12,313,274	
Effect of reviewing useful life resulting in reduction in depreciation charge and increasing the carrying amount	8,430,187	
Restated balance	420,004,262	
Investment property		
During the current financial year the municipality conducted an investigation to identify properties owned by the municipality but not included on the FAR and properties that are privately owned but incorrectly included on the fixed asset register.		
Balance previously reported	720,223,802	
Properties not owned by the Municipality	(13,086,890)	
Properties owned by the Municipality	1,616,000	
Restated balance	708,752,912	

The Msunduzi Municipality

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Notes to the Annual Financial Statements

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65. Prior period errors (continued)		
Living resources		
Being the correction of accounting of living resources at Bisley Nature Reserve		
Balance previously reported		-
Correction of accounting of living resources	769,726	
Restated balance	769,726	
Property plant and equipment - Biological assets		
Being the correction of accounting of living resources as part of property, plant and equipment and reclassified to living resources.		
Balance previously reported	769,726	
Correction of accounting of living resources	(769,726)	
Restated balance	-	
Provisions - (Current liability)		
In terms of GRAP 25, recognition of long service awards provisions based on an actuary valuation.		
Balance previously reported	(7,177,630)	
Correction of the basis underpinning of the long service awards provisions i.e. Actuary valuation in line with GRAP 25	(1,543,795)	
Restated balance	(8,721,425)	
Inventory		
Derecognition of stock incorrectly recorded		
Balance previously reported	66,137,638	
Reversal of agricultural stock incorrectly recorded	(1,020,854)	
Correction of water stock incorrectly recorded	(5,517,314)	
Restated balance	59,599,471	
Payables from exchange transactions - salary control		
Correction of prior year top notch increases.		
Balance previously reported	(2,429,250)	
Reversal of accrual of increases	2,429,250	
Restated balance	-	
Payables from exchange transactions - payables and accruals		
Correction of accruals and payables		
Balance previously reported	87,402,237	
Correction of accruals and payables	11,774,556	
Restated balance	99,176,932	
Receivables of exchange transactions-Prepaid electricity		
Being correction of prepaid sales duplicated		
Balance previously reported	2,335,192	
Being correction of Prepaid sales duplicated	(2,335,192)	
Restated balance	-	
Receivables of exchange transactions-IDT		
Being restatement of IDT debtors previously identified by legal team as not recoverable.		
Balance previously reported	34,115,286	
Reversal of IRPTN duplicated invoices	23,319,153	
Reversal of COGTA duplicated invoices	2,110,050	
Reallocation of IDT debt from consumer debtors	9,090,007	
Correction of VAT	614,035	
VAT correction assets	(580)	
Restated balance	69,247,952	

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
65. Prior period errors (continued)		
Receivables of exchange transactions-Market		
Correction of market debtors-reversal 2016/17		
Balance previously reported	2,676,290	
Correction of market debtors-reversal 2016/17	(2,204,302)	
Restated balance	471,988	
Receivables from non-exchange-Traffic fines		
Correction of traffic fines		
Balance previously reported	45,866,494	
Correction of traffic fines	(232,564)	
Restated balance	- 45,633,929	
Consumer debtors		
Being write back of bad debts written off 2016/2017		
Balance previously reported	1,013,846,913	
Msunduzi debtor- correction of debtor	(3,046,563)	
Reversal of debt write off	291,495,408	
Correction of debtors impairment 2017	(337,604,219)	
Interest accrual- Debts written back	24,521,781	
Written back debtors -VAT	21,587,030	
Restated balance	1,010,800,350	
Cash and cash equivalents-Market account		
Correction of market account-Market link		
Balance previously reported	6,778,722	
Correction of market account	(3,180,472)	
Restated balance	3,598,250	
VAT		
Correction of VAT with regards to bad debts written off		
Balance previously reported	9,430,832	
Correction of vat	(21,587,030)	
Restated balance	(12,156,198)	
Accumulated surplus		
Balance previously reported	(7,236,989,244)	
Correction of payables from exchange transactions - salary control	(2,429,250)	
Correction receivables from exchange transactions- prepaid electricity	2,335,192	
Correction of payables from exchange transactions-accruals and payables	(11,774,556)	
Cash and cash equivalents-correction of Market account	3,180,472	
Housing Development Fund- Correction of interest	958,308	
Correction of investment property- land	11,470,890	
Correction of Property, Plant and Equipment	(200,440,941)	
Receivables from non- exchange transactions(Market)	2,204,302	
Receivables from-exchange transactions - IDT	(35,132,661)	
Consumer debtors -Msunduzi Debtor	3,046,563	
Inventory (Forestry) reversal of stock	1,020,854	
Consumer debtors -Bad debts writeback	(291,495,408)	
Correction consumer debtors-Interest(written back debtors)	(24,521,781)	
Consumer debtors written back-impairment	337,604,219	
Correction of Long service awards provision	60,512,392	
Correction of Traffic fines debtor	232,564	
Long service awards correction - GRAP 25 valuation	3,003,291	
Correction of water stock incorrectly recorded	5,517,312	
Land and building - impairment correction	284,052	
Restated balance	(7,371,413,430)	

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Figures in Rand	2018	2017
65. Prior period errors (continued)		
Provisions-Long service awards(Non current liability)		
Correction of the basis underpinning of the long service awards provisions ie Actuary valuation in line with GRAP 25	(61,971,888)	
Restated balance	(61,971,888)	
Housing Development Fund		
During the 2014/2015 financial year the interest due to the Msunduzi Housing Association was understated by R 958 308 in error. It was disclosed as interest received by the Municipality.		
Balance previously reported	(79,571,771)	
Correction of interest	(958,308)	
Restated balance	(80,530,079)	
Statement of Financial Performance		
Deficit for the year previously reported		
Balance previously reported	(236,399,048)	
Interest - consumer debtors and receivables	24,521,781	
Interest - bank, call and investment accounts	(958,308)	
Contour debtors	(2,335,192)	
Property rates	(2,890,109)	
Fines, penalties and forfeits.	(232,564)	
Bad debts written off	291,495,408	
Employee related costs	(63,515,683)	
Impairment of consumer and traffic fines debtors	(337,604,219)	
Operational revenue - market	(2,204,302)	
Inventories losses	(5,517,314)	
Impairment loss - land and building	(284,052)	
Operational revenue - forestry	(156,454)	
Restated balance	(336,080,056)	
Fines,penalties and forfeits - Traffic fines		
Correction of traffic fines		
Balance previously reported	18,045,818	
Correction of traffic fines	(232,564)	
Restated balance	17,813,254	
Interest - bank,call and investment accounts		
Correction of interest housing development		
Balance previously reported	54,589,785	
Correction of interest housing development	(958,308)	
Restated balance	53,631,477	
Interest consumer debtors		
Reversal of bad debt written off-interest raised		
Balance previously reported	(96,347,327)	
Reversal of bad debt written off-interest raised	(24,521,781)	
Restated balance	(120,869,108)	
Bad debts written off		
Write back of bad debts off in 2016/2017		
Balance previously reported	332,295,447	
Write back of bad debts in 2016/2017	(291,495,408)	
Restated balance	40,800,039	

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Figures in Rand	2018	2017
65. Prior period errors (continued)		
Employee related costs - long service awards		
Long service awards correction - GRAP 25 valuation		
Balance previously reported	990,110,883	
Long service awards correction	63,515,682	
Restated balance	1,053,626,565	
Impairment of consumer and traffic fines debtors		
Impairment on debtors written back in 2016/2017		
Balance previously reported	172,835,820	
Impairment on debtors written back	337,604,218	
Restated balance	510,440,038	
Service charges		
Balance previously reported	2,540,096,629	
Msunduzi raised as a debtor - 2017/2018	(134,741)	
Overstatement of prepaid electricity sales for Sobantu vendor	(2,335,192)	
Msunduzi raised as a debtor - 2016/2017	(47,788)	
Restated balance	2,537,578,908	
Property rates		
Balance previously reported	795,878,250	
Msunduzi raised as a debtor - 2017/2018	(2,755,368)	
Msunduzi raised as a debtor - 2016/2017	(108,667)	
Restated balance	793,014,215	
Operational revenue		
Balance previously reported		
Reclassification of Forestry revenue	63,530,381	
	4,925,252	
Restated balance	68,455,633	
Inventory losses		
Balance previously reported	(10,262,570)	
Correction of water stock incorrectly recorded	(5,517,314)	
Restated balance	(15,779,884)	
Reclassifications		
The following reclassifications adjustment occurred:		
Transfers and subsidies		
Reclassification of payment paid to Maritzburg United from operating costs to transfer and subsidies		
Balance previously reported	36,447,089	
Reclassification	13,305,708	
Restated balance	49,752,797	

The Msunduzi Municipality

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65. Prior period errors (continued)

Operational costs

Reclassification of payment paid to Maritzburg United from operating costs to transfer and subsidies

Balance previously reported	155,564,492	
Reclassification	(13,305,708)	
Reclassification - forestry expenses	13,618,869	
Restated balance	155,877,653	

66. Change in estimate

Property plant and equipment

Landfill site provision is created to ensure that the municipality will be able to restore the landfill site to its original condition at the end of its life. The provision represents management's best estimate of the municipality liability with regards to aforementioned restoration costs. The effect of the current year's revision is an increase of R8 663 339 due to change in discount factor and effect of re-measurement.

Retirement benefit obligation

The municipality provides post-employment medical benefits to certain staff members. The provision represents management's best estimate of the municipality liability with regards to aforementioned post-employment medical benefits. The effect of the current year's revision is a decrease of R1 763 813 to R629 854 698 owing to the net effect of actuarial gain, current service cost and interest cost.

Leave accrual

The leave pay provision is created to ensure adherence to SALGA collective agreement requirements. It states that at the end of a leave cycle, an employee may not have more than 48 days annual leave to their credit. The effect of this revision has increased the accrual by R13 345 184 to R 90 230 250.

67. Irregular expenditure

Opening balance	163,948,762	13,845,402
Add: Irregular Expenditure - current year	132,509,961	150,103,360
	296,458,723	163,948,762

Analysis of expenditure awaiting condonation per age classification

2008 / 2009	4,077,827	4,077,827
2009 / 2010	5,458,355	5,458,355
2010 / 2011	3,551,576	3,551,576
2011 / 2012	38,200	38,200
2013 / 2014	11,000	11,000
2014 / 2015	708,444	708,444
2016 / 2017	150,103,360	150,103,360
2017 / 2018	132,509,961	-
	296,458,723	163,948,762

Irregular expenditure has not written off or condoned.

Section 32(4) of the Municipal Finance Management Act requires that Council can deal with these matters in the manner prescribed.

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Figures in Rand	2018	2017
67. Irregular expenditure (continued)		
In the case of irregular and fruitless and wasteful expenditure, it is only after an investigation has been conducted that irregular expenditure can be certified as irrecoverable and written off by Council hence there were no movement between financial years 2008/2009 to 2017/2018 as the investigations are still open and as soon as they are closed Council will write off or condone this expenditure.		
Details of irregular expenditure – current year		
Bids not advertised within 30 days	30,536,804	
CIDB registration	578,100	
Contractors	101,313,057	
Service of state	44,500	
Service of the municipality	37,500	
	132,509,961	
68. Comparative figures		
Comparative figures have been restated.		
69. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	27,051,662	16,080,807
Reconciliation of fruitless and wasteful expenditure		
Opening balance	16,080,807	4,810,273
Add:fruitless and wasteful expenditure current year	10,970,855	11,270,534
Fruitless and wasteful expenditure awaiting to be written off / recovered	27,051,662	16,080,807
Interest on : Late payment of Eskom accounts	1,872	3,790
Interest on : Late payment of Telkom accounts	634	9,341
Cancellation of tenders	113,363	211,997
Interest on : Late payment of SABC TV license	-	7,887
Employees salaries and wages that are on suspension and unresolved within prescribed time frame.	10,854,986	11,037,519
	10,970,855	11,270,534
A system has been put in place to stream-line the payment process to ensure non occurrence of interest costs. Staff have been advised on possible recovery of costs due to negligence.		
70. Unauthorised expenditure		
Total Unauthorised expenditure	36,122,670	361,222,670
Opening balance	361,222,670	5,234,379
Add:Year end entries in respect of bad debts resulted in this amount being disclosed in the income statement	-	291,495,408
Less:amounts recovered from Fairfields Developments	-	(1,500,000)
Add:amounts still to be recovered from Fairfield Developments	-	(1,763,503)
Add: Change in treatment of the IDT outstanding payment resulted in an impairment amount which resulted in the budget not being sufficient	-	59,542,743
Add: Expenditure not budgeted	-	8,213,643
	361,222,670	361,222,670

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71. Electricity and water losses

	2018	2017
Electricity losses		
Units purchased - kWh	1,784,678,530	1,790,378,694
Units sold - kWh	(1,511,945,987)	(1,509,681,276)
Loss - kWh	272,732,542	280,697,418
Electricity loss as a percentage	15.30	15.68
Costs per kWh in cents	0.94196	0.93477
Electricity loss in rand value	256,903,790	279,122,476

The significant electricity losses of 272 732 542 kWh (2017 : 280 697 418 kWh) occurred during the year under review, which resulted in material revenue losses to the municipality.

The slight decrease of losses from previous financial year may be as a result of the following

- Commissioning of the City Grid 132kV underground cables network that replaced the ageing 33kV networks - Commissioning of new 40MVA Power Transformers.
- The commissioning of new Electrification Project in the Informal Settlements areas resulting in the reduced illegal connections in the network.

The acceptable norm of electricity loss is between 7% and 10% as per MFMA circular 71 dated January 2014.

Some of the main contributing factors to increased electricity losses are

Non –Technical Losses

- Illegal connections
- Infrastructure vandalism
- Metering inaccuracies (due to faulty meters)
- Unmetered energy (meter tempering or bypassing the meter at the customer meter)

Technical losses (these are inherent in the distribution networks and cannot be eliminated)

- Ageing infrastructure that results in increased power dissipation during transmission and distribution on lines, cables and transformers in the system
- Overloading
- Poor standard of equipment installed

How are these losses being addressed.

- Electrification of informal settlement areas
- Replacing old wooden substation doors with steel doors to prevent easy access to substations
- Replacement of old inaccurate and faulty meters
- Identify and install meters where there are non
- Regular property inspections to identify bypassed/ tempered meters
- Replace/ upgrading and refurbishing of ageing infrastructure.

The Msunduzi Municipality

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71. Electricity and water losses (continued)

- Conducting system strengthening in the networks to relieve overloading in the networks
- Purchasing and Installation of efficient equipment. (Consideration of losses during drafting of technical specifications for new equipment)

	2018	2017
Water losses		
Units purchased - kl	68,467,170	62,562,814
Units sold - kl	(48,392,496)	(44,499,100)
Losses - kl	14,855,259	13,367,148
Apparent losses - kl	5,219,415	4,696,566
Real losses - kl	20,074,674	18,063,714
Water loss as a percentage	29.3	28.9
Costs per kl in cents	6.91000	6.04600
Water loss in rand value	138,715,997	109,213,215

For the 2017/2018 reporting period there has been a change in the methodology for the calculation of the water losses as per MFMA circular dated January 2014. The circular requires that real losses and apparent loss be considered as total water losses.

The accepted norm as per the Financial Norms and Standards circular for Water Losses is between 15% and 30%

A material water loss of 138 715 997 kl (2017: 109 213 215 kl) occurred during the year under review.

A contributing factor to the increase in the water losses is the aging and fragile water pipeline infrastructure.

A total length of water pipes of 861km was surveyed for leaks.

2 222 domestic and bulk meters were upgraded for accuracy in the billing system.

Assessment of existing infrastructure, verification and proposals, zonal integrity and rectification of breaches minimises non revenue water by eliminating duplication of quantifying water in various zones .

72. Risk management

Financial risk management

The municipality's activities expose it to the following financial risks:

- Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).
- Credit risk and
- Liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

The Msunduzi Municipality

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72. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Municipality's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 30 June 2018				
Borrowings	84,512,318	400,915,552	50,310,656	535,738,526
At 30 June 2017				
Borrowings	79,368,332	405,418,032	130,320,492	615,106,856
	163,880,650	806,333,584	180,631,148	1,150,845,382

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and receivables. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The municipality as part of its credit policy performs a credit risk profile of each debtor.

Market risk

Interest rate risk

The Municipality has significant interest-bearing assets, the Municipality's income and operating cash flows are not substantially independent of changes in market interest rates.

The Municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the Municipality to fair value interest rate risk.

73. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

THE MSUNDUZI MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2018

<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/2017</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/2018</u>
LONG-TERM LOANS				R	R	R	R
DBSA - 15.5%	PMB8108710930	11158	30/09/2018	2 892 398	-	1 856 160	1 036 238
DBSA - 15.5%	PMB8108710930	11159	31/03/2019	4 504 738	-	2 085 150	2 419 589
DBSA - 15.5%	PMB8108710930	11160	31/03/2019	3 839 188	-	1 777 080	2 062 107
DBSA - 16.5%	PMB8108710930	13446	31/03/2020	9 844 035	-	2 777 651	7 066 383
DBSA - 16.5%	PMB8108710930	13447	31/03/2020	4 196 126	-	1 184 004	3 012 122
DBSA - 16.5%	PMB8108710930	13448	31/03/2020	6 212 926	-	1 753 076	4 459 850
DBSA - 14.27%	PMB8108710930	102091	11/02/2020	2 226 818	-	483 590	1 743 229
DBSA - 14.27%	PMB8108710930	102416	28/06/2021	21 477 162	-	4 142 636	17 334 527
DBSA - 9.31%	PMB8108710930	101922	30/09/2020	9 290 767	-	2 366 829	6 923 938
DBSA - 8.7%	PMB8108710930	102797	30/09/2022	46 562 455	-	6 928 860	39 633 595
DBSA - 10.79%	PMB8108710930	103059/1	30/09/2023	39 919 304	-	4 514 423	35 404 881
DBSA - 6.75%	PMB8108710930	103059/2	30/09/2023	8 891 404	-	1 131 140	7 760 264
DBSA -12.02%	PMB8108710930	103594/1	31/12/2024	79 386 933	-	7 023 203	72 363 730
DBSA - 6.75%	PMB8108710930	103594/2	31/12/2024	23 320 325	-	2 481 063	20 839 262
DBSA - 12.10%	PMB8108710930	103721	31/03/2025	144 971 615	-	12 080 156	132 891 459
DBSA - 9.19%	PMB8108710930	61007262	31/03/2025	207 570 662	-	26 783 314	180 787 348
DBSA Total				615 106 857	-	79 368 335	535 738 522
LEASE LIABILITY							
Finance Lease							
Computer Equipment				346 586	-	346 586	-
TOTAL EXTERNAL LOANS				615 453 443	-	79 714 921	535 738 522

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	Disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
LAND AND BUILDINGS																	
Land	1 217 633 303,91			-404 461,81			0,00		1 217 228 842,10	0,00		0,00		0,00	0,00	0,00	1 217 228 842,10
Buildings	480 925 764,67	22 111 947,75	284 052,25	297 084,35	5 903 299,61	-931 700,00		0,00	508 590 448,63	247 172 651,48		22 371 224,50	0,00	-89 236,16		269 454 639,82	239 135 808,81
Total Land and Buildings	1 698 559 068,58	22 111 947,75	284 052,25	- 107 377,46	5 903 299,61	- 931 700,00	-	-	1 725 819 290,73				-	- 89 236,16	-	269 454 639,82	1 456 364 650,91
ELECTRICITY																	
HV Overhead Lines	66 159 099,64	0,00		0,00			0,00	0,00	66 159 099,64	24 338 400,05	0,00	4 574 751,75	0,00	0,00	0,00	28 913 151,80	37 245 947,84
HV Substations	296 492 691,72	0,00		0,00	44 449 017,50		0,00	0,00	340 941 709,22	96 656 684,60	-0,02	15 123 225,44	0,00	0,00	0,00	111 779 910,06	229 161 799,16
HV Underground Cables	15 087 569,28	0,00		0,00			0,00	0,00	15 087 569,28	6 473 548,75	0,00	662 726,59	0,00	0,00	0,00	7 136 275,34	7 951 293,94
Electricity reticulation	4 019 437,59	0,00		198 207,54	54 921 147,31		0,00	0,00	59 138 792,44	40 107,09	0,00	83 419,30	0,00	0,00	0,00	123 526,39	59 015 266,05
LV Street Lighting	113 737 253,25	0,00		0,00			0,00	0,00	113 737 253,25	19 806 304,57	0,00	6 503 826,59	0,00	0,00	0,00	26 310 131,16	87 427 122,09
MV Ground Mounted Transformer	65 579 520,00	0,00		0,00			0,00	0,00	65 579 520,00	9 676 630,14	0,00	2 706 979,76	0,00	0,00	0,00	12 383 609,90	53 195 910,10
MV Mini Substations	124 989 741,07	0,00		4 893 574,40			0,00	0,00	129 883 315,47	36 843 890,05	0,00	7 212 405,18	0,00	0,00	0,00	44 056 295,23	85 827 020,24
MV Overhead Lines	24 804 369,14	0,00		0,00			0,00	0,00	24 804 369,14	12 758 956,00	0,00	2 408 745,41	0,00	0,00	0,00	15 167 701,41	9 636 667,73
MV Substations	144 280 212,10	0,00		0,00			0,00	0,00	144 280 212,10	39 072 962,30	0,00	6 163 426,05	0,00	0,00	0,00	45 236 388,35	99 043 823,75
MV Underground Cables	706 464 739,89	0,00		0,00		650 617,59	0,00	0,00	707 115 357,28	233 119 010,05	0,00	44 785 439,29	0,00	0,00	0,00	277 904 449,34	429 210 907,94
MV Pole Mounted Transformers	34 366 731,39	0,00		0,00			0,00	0,00	34 366 731,39	5 472 777,84	0,00	1 207 075,20	0,00	0,00	0,00	6 679 853,04	27 686 878,35
MV Ring Main Unit	32 550 780,06	0,00		5 438 042,98			0,00	0,00	37 988 823,04	10 096 748,88	0,00	1 962 717,24	0,00	0,00	0,00	12 059 466,12	25 929 356,92
	1 628 532 144,93	0,00		10 529 824,92	99 370 164,81	650 617,59	0,00	0,00	1 739 082 752,25	494 356 020,32		93 394 737,80	0,00	0,00	0,00	587 750 758,14	1 151 331 994,11
ROADS																	
Overhead Gantry	130 000,00	0,00		0,00			0,00	0,00	130 000,00	25 271,95	0,00	5 237,12	0,00	0,00	0,00	30 509,07	99 490,93
Concrete Roads	44 399 974,99	0,00		746 051,93	97 651 692,62	12 665 296,51	0,00	0,00	155 463 016,05	13 691 046,00	0,00	3 092 864,93	0,00	0,00	0,00	16 783 910,93	138 679 105,12
Flexible Roads	1 816 325 702,63	0,00		7 579 836,46	6 435 085,32	18 649 125,53	0,00	0,00	1 849 989 749,94	843 320 803,33	0,00	105 324 580,19	0,00	0,00	0,00	948 455 383,52	900 534 366,42
Unpaved Roads	132 448 292,25	0,00		0,00			0,00	0,00	132 448 292,25	94 361 175,56	0,00	6 551 466,82	0,00	0,00	0,00	100 912 641,38	31 535 657,87
Other Roads	145 222 256,47	0,00		0,00	105 166 379,27		0,00	0,00	250 388 635,74	28 347 454,79	0,00	4 320 270,22	0,00	0,00	0,00	32 667 725,01	217 720 910,73
Structures	238 953 697,36	0,00		0,00	21 634,10	-895 631,25	0,00	0,00	238 079 700,21	47 271 552,90	0,00	11 963 688,41	0,00	-7 729,42	0,00	59 227 511,89	178 852 188,32
Signalized Intersections	48 567 153,83	0,00		296 029,57		791 805,59	0,00	0,00	49 654 988,99	29 301 815,32	0,00	3 596 471,46	0,00	0,00	0,00	32 898 286,78	16 756 702,21
Airport Runway	73 574 385,72	0,00		0,00			0,00	0,00	73 574 385,72	21 711 451,32	0,00	4 577 404,97	0,00	0,00	0,00	26 288 856,29	47 285 529,43
	2 499 621 470,25	-		8 621 917,96	209 274 791,31	31 210 596,38	-	-	2 748 728 775,90	1 077 840 571,17	-	139 431 983,12	-	- 7 729,42	-	1 217 264 824,87	1 531 463 951,03
SANITATION																	
Sewer Treatment Works	2 034 057,77	0,00		0,00	1 997 375,37		0,00	0,00	4 031 433,14	1 176 648,82	0,00	114 497,71	0,00	0,00	0,00	1 291 146,53	2 740 286,61
Pump Stations	11 683 838,11	0,00		0,00			0,00	0,00	11 683 838,11	5 798 359,44	0,00	487 857,53	0,00	0,00	0,00	6 286 216,97	5 397 621,14
Bulk Sewers	63 876 412,38	0,00		0,00			0,00	0,00	63 876 412,38	21 549 242,89	0,00	2 713 712,87	0,00	0,00	0,00	24 262 955,76	39 613 456,62
Sewer Reticulation	416 631 939,27	0,00		4 536 290,91		11 674 822,49	0,00	0,00	432 843 052,67	123 170 568,97	0,00	15 824 013,90	0,00	0,00	0,00	138 994 582,87	293 848 469,80
	494 226 247,53	-		4 536 290,91	1 997 375,37	11 674 822,49	-	-	512 434 736,30	151 694 820,12	-	19 140 082,01	-	-	-	170 834 902,13	341 599 834,17
WATER																	
Water Reticulation	398 482 535,27	0,00		0,00	54 704 334,83	3 361 330,09	0,00	0,00	456 548 200,19	179 761 387,00	-795 170,00	14 328 209,39	0,00	0,00	3 927,62	193 298 354,01	263 249 846,18
Pump Stations	4 523 450,70	0,00		0,00			0,00	0,00	4 523 450,70	3 285 924,15	0,00	64 197,28	0,00	0,00	0,00	3 350 121,43	1 173 329,27
Reservoirs	206 939 561,99	0,00		0,00			0,00	0,00	206 939 561,99	70 535 761,89	-3 524 953,50	13 298 152,12	0,00	0,00	0,00	80 308 960,51	126 630 601,48
Water Supply Bulk Water Pipeline	447 373 773,76	0,00		3 117 637,98		2 388 866,07	0,00	0,00	452 880 277,81	377 760 760,93	-257 591 344,85	33 308 559,52	0,00	0,00	0,00	153 477 975,60	299 402 302,21
Water Supply Pressure Reduce V	3 917 229,66	0,00		0,00			0,00	0,00	3 917 229,66	3 870 622,62	-3 660 151,88	253 597,17	0,00	0,00	0,00	464 067,91	3 453 161,75
Water Meters	43 042 614,84	0,00		0,00			0,00	0,00	43 042 614,84	3 779 672,73	0,00	2 693 033,17	0,00	0,00	0,00	6 472 705,90	36 569 908,94
	1 104 279 166,22	-		3 117 637,98	54 704 334,83	5 750 196,16	-	-	1 167 851 335,19	638 994 129,32	- 265 571 620,23	63 945 748,65	-	-	3 927,62	437 372 185,36	730 479 149,83
SECURITY																	
Fencing	4 835 249,77	0,00		0,00			0,00	0,00	4 835 249,77	3 639 643,95	0,00	-3 259 672,11	0,00	0,00	3 599 568,92	3 979 540,76	855 709,01
Security Systems	22 792 858,71	0,00		846 985,81		29 639,04	0,00	0,00	23 669 483,56	19 202 900,12	-250 915,44	1 375 654,80	0,00	0,00	0,00	20 327 639,48	3 341 844,08
Access Control	276 177,53	0,00		0,00			0,00	0,00	276 177,53	205 817,06	0,00	28 480,31	0,00	0,00	0,00	234 297,37	41 880,16
	27 904 286,01	-		846 985,81	-	29 639,04	-	-	28 780 910,86	23 048 361,13	- 250 915,44	- 1 855 537,00	-	-	3 599 568,92	24 541 477,61	4 239 433,25
STORMWATER																	
Major Culverts	43 599 732,38	0,00		0,00			0,00	0,00	43 599 732,38	8 039 629,17	0,00	930 866,76	0,00	0,00	0,00	8 970 495,93	34 629 236,45
Minor Culverts	662 608,48	0,00		0,00			0,00	0,00	662 608,48	120 278,91	0,00	7 478,46	0,00	0,00	0,00	127 757,37	534 851,11
Kerb Inlets	88 797 378,58	0,00		0,00			0,00	0,00	88 797 378,58	32 267 459,59	0,00	3 294 969,26	0,00	0,00	0,00	35 562 428,85	53 234 949,73

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	Disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
Community Centres	98 400 195,38	0,00		0,00	3 782 887,99		0,00	0,00	102 183 083,37	53 059 347,85	-8 941 634,75	5 957 177,24	0,00	0,00	0,00	50 074 890,34	52 108 193,03
Cemeteries	6 551 265,08	0,00		0,00			0,00	0,00	6 551 265,08	2 924 976,73		129 071,32	0,00	0,00	0,00	3 054 048,05	3 497 217,03
Civic Theatres	13 733 671 63	0,00		0,00			0,00	0,00	13 733 671 63	9 259 968,81	0,00	1 667 105,40	0,00	0,00	0,00	10 927 074,21	2 806 597,42
	371 951 988,66	-		-	8 400 701,86	4 737 123,36	-	-	385 089 813,88	199 442 921,70	- 13 402 705,85	19 761 193,09	-	-	-	205 801 408,94	179 288 404,94
Community Recreational Facilities																	
Swimming Pools	45 916 159,06	0,00		-	4 344 828,01		-	-	50 260 987,07	23 645 783,25	-6 142 130,52	1 967 187,47	0,00	0,00	0,00	19 470 840,20	30 790 146,87
Sports Facilities	48 643 282,06	0,00		0,00	-43 742 456,67		0,00	0,00	4 900 825,39	18 846 188,83	-3 691 020,92	2 008 143,80	0,00	0,00	0,00	17 163 311,71	-12 262 486,32
Squash Courts	-	0,00		0,00			0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Parks	21 141 158,09	0,00		-36 696 786,56			0,00	0,00	-15 555 628,47	11 873 399,75	-2 247 944,68	824 648,45	0,00	0,00	0,00	10 450 103,52	-26 005 731,99
Sports Grounds	119 302 955,43	16 473 844,00		5 704 318,27	0,00	96 216 375,98	0,00	0,00	237 697 493,68	63 285 150,37	-12 378 046,23	6 525 764,45	0,00	0,00	0,00	57 432 868,59	180 264 625,09
	235 003 554,64	16 473 844,00		5 704 318,27	- 76 094 415,22	96 216 375,98	-	-	277 303 677,67	117 650 522,20	- 24 459 142,35	11 325 744,17	-	-	-	104 517 124,02	172 786 553,65
Total Community Assets	606 955 543,30	16 473 844,00		5 704 318,27	- 67 693 713,36	100 953 499,34	-	-	662 393 491,55	317 093 443,90	- 37 861 848,20	31 086 937,26	-	-	-	310 318 532,96	445 253 643,43
OTHER ASSETS																	
Other Properties																	
Housing Schemes	82 356 735,53	0,00		0,00	6 015 554,14		0,00	0,00	88 372 289,67	45 944 499,57	-33 387,63	3 086 866,64	0,00	0,00	0,00	48 997 978,58	39 374 311,09
Markets	236 963 857,23	0,00		0,00			0,00	0,00	236 963 857,23	137 069 397,42	0,00	8 604 368,99	0,00	0,00	0,00	145 673 766,41	91 290 090,82
Sewerage works and Dump Site	796 653,56	0,00		0,00			0,00	0,00	796 653,56	607 677,97	0,00	7 797,06	0,00	0,00	0,00	615 475,03	181 178,53
Workshops and Depots	31 508 703,13	0,00		0,00			0,00	0,00	31 508 703,13	18 745 662,31	0,00	1 202 401,96	0,00	0,00	0,00	19 948 064,27	11 560 638,86
Hostels	1 557 492,33	0,00		0,00			0,00	0,00	1 557 492,33	1 010 695,00	0,00	36 354,33	0,00	0,00	0,00	1 047 049,33	510 443,00
Training Centre	4 298 468,38	0,00		0,00			0,00	0,00	4 298 468,38	2 339 399,87	0,00	195 004,04	0,00	0,00	0,00	2 534 403,91	1 764 064,47
Landfill Site	42 566 754,06	0,00		6 921 510,00			0,00	0,00	49 488 264,06	18 954 104,95	0,00	2 191 716,86	0,00	0,00	0,00	21 145 821,81	28 342 442,25
Beer Halls		0,00		0,00			0,00	0,00	0,00		0,00	0,00	0,00	0,00	0,00	0,00	0,00
Old Age Homes	924 085,61	0,00		0,00			0,00	0,00	924 085,61	617 056,55	0,00	29 701,64	0,00	0,00	0,00	646 758,19	277 327,42
Transport Facility	38 748 040,48	0,00		895 631,25	0,00		0,00	0,00	39 643 671,73	18 318 764,74	0,00	2 410 703,98	0,00	7 729,42	0,00	20 737 198,14	18 906 473,59
Crematoriums	7 004 221 09	0,00		0,00			0,00	0,00	7 004 221 09	3 538 345,50	0,00	575 581,26	0,00	0,00	0,00	4 113 926,76	2 890 294,33
Nurseries	10 835 503,47	0		0			0,00	0,00	10 835 503,47	6 735 023,73	0,00	383 212,09	0,00	0,00	0,00	7 118 235,82	3 717 267,65
Airport Buildings	13 980 560,22	0,00		0,00			0,00	0,00	13 980 560,22	4 425 661,74	0,00	932 447,49	0,00	0,00	0,00	5 358 109,23	8 622 450,99
Creches	15 717 654,62	24 667 673,00	91 219,00	0,00			0,00	0,00	40 476 546,62	6 522 204,40	0,00	659 759,34	0,00	0,00	0,00	7 181 963,74	33 294 582,88
Substations										0,00						0,00	0,00
Total Other Assets	487 258 729,71	24 667 673,00	91 219,00	7 817 141,25	6 015 554,14	-	-	-	525 850 317,10	264 828 493,75	- 33 387,63	20 315 915,68	-	7 729,42	-	285 118 751,22	240 731 565,88
Plant and Equipment																	
Graders	5 286 963,57	0,00		5 204 818,80			0,00	-689,64	10 491 092,73	4 648 434	0,00	203 832,39	0,00	-27 354,36	0,00	4 824 912,21	5 666 180,52
Tractors	13 046 682,62	0,00		2 550 409			0,00	-40,53	15 597 051,49	7 999 037	0,00	487 036,90	0,00	-798 004,31	146,83	7 688 216,51	7 908 834,98
Farm Equipment	18 270,00	0,00		0,00			0,00	-474,06	17 795,94	17 320,57	0,00	475,37	0,00	-17 795,94	0,00	0,00	17 795,94
Lawnmowers	3 228 272,89	0,00		193 382,46			0,00	-147 887	3 273 768,42	2 211 559,08	-1 441 969,17	433 714,73	0,00	0,00	0,00	1 203 304,64	2 070 463,78
Compressors	88 423,02	0,00		288 868,04			0,00	-95,58	327 195,48	87 362,08	0,00	-44 112,92	0,00	0,00	0,00	46 388,26	280 807,22
Laboratory Equipment	641 446,20	0,00		10 070,00			0,00	-6 664,80	644 851,40	577 161,09	-290 437,43	25 977,58	0,00	0,00	0,00	312 701,24	332 150,16
Radio Equipment	1 729 239,49	0,00		2 044 956,80			0,00	-183 774,26	3 590 422,03	1 152 752	-566 560,73	211 668,49	0,00	864,28	0,00	798 723,59	2 791 698,44
Firearms	640 484,37	0,00		0,00			0,00	0,00	640 484,37	156 329,26	0,00	122 876,43	0,00	0,00	0,00	279 205,69	361 278,68
Telecommunication	5 993 291,73	0,00		331 588,58			0,00	-26 123,29	6 298 757,02	5 396 011	-502 489,43	373 612,48	0,00	7 400,08	0,00	5 274 534,47	1 024 222,55
Plant and Equipment	48 414 196,31	0,00		14 520 526	671 261,30		0,00	-1 188 362,33	62 417 621,72	27 110 388	-4 401 129,96	6 672 501,26	0,00	0,00	0,00	29 381 758,90	33 035 862,82
Crematoriums								0,00								0,00	0,00
	79 087 270,20	-		25 094 620,52	671 261,30	-	-	- 1 554 111,42	103 299 040,60	49 356 353,84	- 7 246 699,64	8 534 834,73	-	- 843 154,61	8 411,20	49 809 745,52	53 489 295,08
Office Equipment																	
Computer Hardware	79 370 960,25	0,00		3 900 673			0,00	-425 899	82 845 733,96	39 140 033	-8 601 237,63	13 445 077,77	0,00	0,00	9 363,14	43 993 236,59	38 852 497,37
Computer Hardware(Finance Lea	4 765 629,84	0,00		0,00			0,00	0,00	4 765 629,84	2 990 413,72	0,00	587 312,09	0,00	0,00	0,00	3 577 725,81	1 187 904,03
Office Machines	5 917 707,06	0,00		467 197,55			0,00	-89 014,47	6 295 890,14	4 364 299	-1 206 215,90	797 894,43	0,00	0,00	16 943,08	3 972 920,18	2 322 969,96
Airconditioners	17 363 770,44	0,00		1 853 746,45			0,00	-142 887,89	19 074 629,00	12 538 446	-2 029 896,45	1 954 745,08	0,00	89 236,16	0,00	12 552 530,92	6 522 098,08
	107 418 067,59	-		6 221 616,68	-	-	-	- 657 801,33	112 981 882,94	59 033 191,73	- 11 837 349,98	16 785 029,37	-	- 89 236,16	26 306,22	64 096 413,50	48 885 469,44
Furniture and Fittings																	
Chairs	8 305 606,85	0,00		256 294			0,00	-88 346,58	8 473 554,27	5 686 387	-989 299,61	798 954,88	0,00	0,00	18 118,39	5 514 160,17	2 959 394,10
Tables and Desks	7 506 159,07	0,00		190 855			0,00	-56 828,44	7 640 185,62	5 467 291,88	-666 213,47	545 907,32	0,00	0,00	12 639,50	5 359 625,23	2 280 560,39
Cabinets and Cupboards	9 543 582,67	0,00		143 019			0,00	-19 135,51									

THE MSUNDUZI MUNICIPALITY

APPENDIX B

ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018

	Cost									Accumulated Depreciation							
	Opening Balance	Adjustment to Opening Balance	Adjustments current year	Additions/Fair value adjustments	Capital under Construction	Capitalised capital under construction	Donated	Disposals	Closing Balance	Opening Balance	Restated Balance	Additions (Depreciation)	Disposals adjustments	Disposals Acc. Depreciation	Impairment	Closing Balance	Carrying Value
Total Movable Assets	930 377 129,23	24 667 673,00	91 219,00	78 545 690,26	6 686 815,44	-	-	- 2 790 236,27	1 037 578 290,66	544 211 077,88	- 42 247 101,19	64 988 660,44	-	- 746 189,03	119 062,14	566 325 510,24	454 214 907,62
TOTAL PPE	9 580 519 984,95	200 156 888,75	375 896,25	125 550 916,64	314 575 308,53	159 681 626,95	-	- 2 790 236,27	10 378 070 385,80	3 634 051 616,50	- 346 026 756,14	447 609 317,43	-	- 843 154,61	3 722 558,68	3 738 513 581,88	7 207 673 390,23
Heritage Assets																	
artworks	192 248 161,15	0,00		629 500,00			0,00	0,00	192 877 661,15	6 803 730,00	0,00	0,00	0,00	0,00	6 200,00	6 809 930,00	186 067 731,15
Mayoral Chain	133 500,00	0,00		0,00			0,00	0,00	133 500,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	133 500,00
Mahatma Gandhi Statue	925 000,00	0,00		0,00			0,00	0,00	925 000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	925 000,00
Stadiums	3 961 962,71	0,00		0,00			0,00	0,00	3 961 962,71	0,00	0,00	0,00	0,00	0,00	0,00	0,00	3 961 962,71
Swimming Pool	1 785 373,32	0,00		0,00			0,00	0,00	1 785 373,32	0,00	0,00	0,00	0,00	0,00	0,00	0,00	1 785 373,32
Museums and Art Gallery	17 315 795,90	0,00		0,00			0,00	0,00	17 315 795,90	22 973,21	0,00	0,00	0,00	0,00	0,00	22 973,21	17 292 822,69
Parks	2 485 907,87	0,00		0,00	0,00	0,00	0,00	0,00	2 485 907,87	0,00	0,00	0,00	0,00	0,00	0,00	0,00	2 485 907,87
Crematorium	8 181 347,71	0,00		0,00			0,00	0,00	8 181 347,71	0,00	0,00	0,00	0,00	0,00	0,00	0,00	8 181 347,71
Land (heritage)	6 002 000,00	0,00		0,00			0,00	0,00	6 002 000,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6 002 000,00
Total Heritage assets	233 039 048,66	-		629 500,00	-	-	-	-	233 668 548,66	6 826 703,21	-	-	-	-	6 200,00	6 832 903,21	226 835 645,45
Investment Property																	
Land and Building	720 223 802,39	-11 470 890,00		9 538 690,04			0,00	0,00	718 291 602,43	0,00	0,00	0,00	0,00	0,00	0,00	0,00	718 291 602,43
				0,00			0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Investment Property	720 223 802,39	-11 470 890,00		9 538 690,04	0,00	0,00	0,00	0,00	718 291 602,43	0,00	0,00	0,00	0,00	0,00	0,00	0,00	718 291 602,43
Intangible Assets																	
Computer Software	48 188 580,72	0,00		0,00			0,00	0,00	48 188 580,72	22 329 361,16	0,00	12 927 133,96	0,00	0,00	0,00	35 256 495,12	12 932 085,60
Intangible Assets/software	37 439 814,64			8 968 380,12	0,00		0,00	0,00	46 408 194,76	13 499 922,62	0,00	4 891 750,31	0,00	0,00	0,00	18 391 672,93	28 016 521,83
	85 628 395,36	-		8 968 380,12	-	-	-	-	94 596 775,48	35 829 283,78	-	17 818 884,27	-	-	-	53 648 168,05	40 948 607,43
Servitudes	803 846,28	0,00		0,00			0,00	0,00	803 846,28	0,00	0,00	0,00	0,00	0,00	0,00	0,00	803 846,28
	803 846,28	0,00		0,00	0,00	0,00	0,00	0,00	803 846,28	0,00	0,00	0,00	0,00	0,00	0,00	0,00	803 846,28
Total Intangible Assets	86 432 241,64	-	-	8 968 380,12	-	-	-	-	95 400 621,76	35 829 283,78	-	17 818 884,27	-	-	-	53 648 168,05	41 752 453,71
Agicultural assets																	
Plantation	54 067 677,00	0,00		9 796 113,00			0,00	0,00	63 863 790,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	63 863 790,00
	54 067 677,00	-		9 796 113,00	-	-	-	-	63 863 790,00	-	-	-	-	-	-	-	63 863 790,00
Grand Total Assets	10 674 282 754,64	188 685 998,75		154 483 599,80	314 575 308,53	159 681 626,95	-	- 2 790 236,27	11 489 294 948,65	3 676 707 603,49	- 346 026 756,14	465 428 201,70	-	- 843 154,61	3 728 758,68	3 798 994 653,14	8 259 345 375,82

THE MSUNDUZI MUNICIPALITY APPENDIX C SEGMENTAL ANALYSIS OF ALL NON-CURRENT ASSETS CLASSIFICATION AS AT 30 JUNE 2018																
DESCRIPTION	HISTORICAL COSTS								ACCUMULATED DEPRECIATION							
	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	UNDERCONSTR UCTION	REVALUATION	DISPOSALS	DONATED ASSETS	CLOSING BALANCE	OPENING BALANCE	RESTATED BALANCE	ADDITIONS	DEPRE. ADJUSTMENT	DEPRE. DISPOSALS CURR	IMPAIRMENT	CLOSING BALANCE	NET BOOK VALUE
Executive and Council	22 469 814	-40 689	-3 838 850	9 949 570	629 500	-229 420	0	29 169 345	-9 432 584	1 134 560	-2 897 601	1 453 389	-6 313	-8 543	-9 750 779	19 418 566
Finance and Administration	1 717 364 413	16 278 954	1 928 150	18 601 529	0	-561 258	0	1 754 173 045	-356 319 656	20 237 433	-56 364 169	12 714 917	-126 387	-1 197 989	-380 929 464	1 373 243 581
Planning and Development	203 143 157	-981 304	-257 852	96 621 098	0	-232 351	0	298 525 099	-73 418 770	2 199 642	-7 874 100	981 819	-9 147	-421 817	-78 533 226	219 991 874
Health	5 931 619	-250 067	217 597	0	0	-138 582	0	5 899 148	-3 310 495	694 023	-774 290	-33 293	-1 909	-5 788	-3 429 842	2 469 306
Community and Social Services	295 627 575	841 558	18 800 908	11 158 286	73 497 935	-209 692	0	399 926 262	-59 142 682	1 647 388	-8 013 770	-9 483 391	-9 743	-6 902 997	-81 895 452	318 030 810
Housing	868 148 677	-13 135 978	32 319 657	19 473 420	0	-27 611	0	906 805 776	-60 070 742	267 573	-6 345 558	-69 201	-1 134	-87 068	-66 304 996	840 500 780
Public Safety	62 440 854	-604 673	20 766 515	3 587 115	0	-161 629	0	86 189 811	-31 985 789	2 331 425	-3 504 392	-9 440 046	-11 875	-27 471	-42 626 274	43 563 537
Sport and Recreation	409 312 969	-18 367 744	108 994 311	37 352 216	71 850	-405 906	0	537 363 602	-200 631 624	31 617 099	-20 302 668	-2 365 703	-47 735	-1 848 786	-193 531 683	343 831 920
Road Transport	3 256 673 636	-12 025 674	93 229 182	468 470 225	1 300	-50 825	0	3 806 348 670	-1 348 402 713	14 795 549	-162 439 891	-5 116 998	-52 082	-1 357 874	-1 502 521 927	2 303 826 743
Environmental Protection	0	0	3 790	85 874	0	0	0	89 664	0	0	-6 701	3 341	0	0	-3 360	86 304
Water	1 121 418 524	-129 860 850	976 836	168 881 858	45 000	-382 512	0	1 161 461 368	-587 943 573	267 031 279	-65 702 482	1 191 512	-1 949 837	-57 152 672	-442 575 937	718 885 431
Waste Water Management	569 787 853	-455 762	30 183 864	151 111 008	0	-164 043	0	750 626 964	-181 395 877	1 103 857	-22 976 254	992 226	-839	-472 640	-202 748 688	547 878 276
Electricity	1 667 741 522	-1 924 804	-2 765 992	234 871 686	3 450	-190 574	0	1 897 925 864	-515 492 548	3 266 565	-92 962 526	9 949 674	-13 629	-8 705 731	-603 944 565	1 293 981 298
Other	400 602 590	-71 291	12 977 612	10 326 416	0	-35 835	0	423 835 326	-174 682 348	543 517	-15 263 833	-778 246	-174	-17 585	-190 198 495	233 636 831
TOTALS	10 600 663 204	-160 598 323	313 535 727	1 230 490 301	74 249 035	-2 790 236	0	12 058 339 943	-3 602 229 400	346 869 911	-465 428 234	0	-2 230 804	-78 206 962	-3 798 994 686	8 259 345 258

THE MSUNDUZI MUNICIPALITY

APPENDIX D

ACTUAL VERSUS BUDGET (ACQUISITION OF ALL NON-CURRENT ASSETS) FOR THE YEAR ENDED 30 JUNE 2018

Description	2018 Budget R	2018 Actual R	2018 Under construction R	2018 Additions R	2018 Variance R	2018 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	7 135 324,00	841 206,61		841 206,61	6 294 117,39	88%	
Finance and Administration	53 449 054,02	25 185 205,66	6 080 201,08	19 105 004,58	28 263 848,36	53%	
Planning and Development	89 225 292,04	54 705 398,05	52 374 561,28	2 330 836,77	34 519 893,99	39%	
Public Safety	9 679 546,39	8 512 120,99	3 265 735,82	5 246 385,17	1 167 425,40	12%	
Community and Social Services	7 705 885,00	1 810 558,92		1 810 558,92	5 895 326,08	77%	
Health	462 164,00	177 739,44		177 739,44	284 424,56	62%	
Sport and Recreation	34 380 993,09	29 921 343,71	19 636 194,49	10 285 149,22	4 459 649,38	13%	
Road Transport	241 826 431,85	230 438 759,92	197 412 551,69	33 026 208,23	11 387 671,93	5%	
Water	94 035 379,15	60 485 947,92	53 523 456,07	6 962 491,85	33 549 431,23	36%	
Waste Water Management	86 979 890,00	65 819 330,14	28 657 759,29	37 161 570,85	21 160 559,86	24%	
Electricity	120 400 000,00	110 138 804,11	99 456 099,19	10 682 704,92	10 261 195,89	9%	
Housing	25 380 231,78	30 223 820,65	8 455 347,93	21 768 472,72	-4 843 588,87	-19%	
Other	11 158 457,68	10 371 524,93	77 653,21	10 293 871,72	786 932,75	7%	
Environment Protection	272 372,00	173 105,70	85 874,00	87 231,70	99 266,30	36%	
TOTALS	782 091 021,00	628 804 866,75	469 025 434,05	159 779 432,70	153 286 154,25	20%	

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F1 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	R30 470.12 Plus interest at 15.5 per cent per annum. Ongoing.	111 458	Not probable
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	R 92 189.52 and R23047.38 Plus interest at 15.5 per cent per annum. Plea filed. Plaintiff did not proceed any further.	562 333	Not probable
4	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	R73 500.00 Plus interest at 15.5 per cent per annum. Set down for trial was part-heard. Ongoing.	310 533	Not probable
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	R 210 749.00 Plus Vat at 14 per cent. In court.	890 674	Not probable
9	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	R1 121 620. 00 plus interest at 15.5 per cent per annum. Ongoing.	4 738 770	Not probable
12	Makungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	R 6 213.00 plus interest at 15.5 per cent per annum. Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	30 318	Not probable
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	R 198 840.00 plus interest at 15.5 per cent per annum. A defendants plea has been filed. The matter is ongoing.	970 299	Not probable
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Ongoing.	97 596	Not probable
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	R100 000.00 Plus interest at 15.5 per cent per annum. Correspondence exchanged between attorneys of record. The matter is ongoing.	422 493	Not probable
18	Majozi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Relief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R110 046.28 plus interest at 15.5 per cent per annum. Part-heard. R110 046.28 plus interest at 15.5 per cent per annum. Part-heard. CURRENT STATUS : This matter has been archived.	537 004	Not probable
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	R15 080.00 plus interests at 15.5 per cent per annum. The matter is ongoing.	73 587	Not probable
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	R45 361.38 plus interest at 15.5 per cent per annum. Pre-trial notices have been exchanged. The matter is ongoing.	255 664	Not probable
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	R20 000.00 plus interest at 15.5 per cent per annum. Further particulars were requested from Plaintiff. The matter is ongoing.	112 723	Not probable
26	Haffeejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	R98 800.00 plus interest at 15.5 per cent per annum. Ongoing	742 856	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F1 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	R50 000.00 plus interest at 15.5 per cent per annum. Matter set down. Part-heard. Unlawful arrest.	281 808	Not probable
36	Mthimkhulu S. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality on behalf of a minor child who was injured when an electrical meter box exploded and caught fire in the vicinity of Wonderers Crescent.	2009	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. R 204 650. 00 plus interest at 15.5 per cent per annum. The matter has been finalised. Plaintiff served a notice of withdrawal of action. CURRENT STATUS : This matter has been archived.	748 600	Not probable
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	R 9823.48 plus interest at 15.5 per cent per annum. The matter is part-head.	47 937	Not probable
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	R 100 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	316 706	Not probable
49	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	R 95 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing.	300 870	Not probable
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 300 000.00 plus interest at 15.5 per cent per annum. The matter is ongoing. R 300 000.00 plus interest at 15.5 per cent per annum. CURRENT STATUS : This matter has been archived.	950 117	Not probable
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	R 120 000.00 plus interest at 15.5 per cent per annum.	438 954	Not probable
53	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 200 000.00 plus interest at 15.5 per cent per annum. Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	633 411	Not probable
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell off her bicycle due to a collision with a pothole/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 262 473.98 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing. CURRENT STATUS : Pre-Trial has been finalised. Merits have been conceded by the other side. Proceeding on Quantum alone. Pleadings have closed and the Plaintiff's Attorney's are applying for a Trial date. We therefore currently await a trial date to be allocated.	831 270	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	R282 818.08 plus interest at 15.5 per cent per annum. The matter is part-heard.	895 701	Not probable
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	R 200 000.00 plus interest at 15.5 per cent per annum. Ongoing.	633 411	Not probable
76	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	R109 038.97 plus interest at 15.5 per cent per annum. A defendant's plea has been filed. The matter is ongoing.	298 989	Not probable
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsum & Associates. 4 Geore street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Fax:096 715 1379 Tel: 033 394 8116	Claim for R505 000.00 plus legal interest @15.5% plus legal costs. Matter laying dormant not being pursued by plaintiff.	1 198 901	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F1 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
85	L Naidoo & another/ Msunduzi Municipality	Delictual Claim: An embankment collapsed into Plaintiff's property causing damage.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R 6 000. Matter was settled. Attorneys in the process of recovering costs in the matter	9 245	Not Probable
95	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 180 000.00 plus interest at 15.5 per cent per annum. A Discovery affidavit has been filed. The matter is ongoing. CURRENT STATUS : This matter is dormant and the last activity was in 2013. Therefore, we have archived our file.	427 331	Not probable
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	R139 961.45 plus interest at 15.5 per cent per annum.Ongoing.	332 277	Not probable
100	Wozataintment CC v. Msunduzi Municipality	Contractual claim: Summons was issued in the Regional Court for an alleged contract for the supply of a marquee, stage chairs and a band to the Municipality.	2012	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R 214 400.00 plus interest at 15.5 per cent per annum.Awaiting ruling from Magistrate.Matter is still ongoing.	508 999	Not Probable
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	2012	Internal	R 293 000.00 plus interest at 15.5 per cent per annum.Ongoing.	695 600	Not probable
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	2012	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	R 123 000.00 plus interest at 15.5 per cent per annum. The Defendant has filed an amended plea. The matter is ongoing. CURRENT STATUS : Pleadings closed in November 2014. The Defendant (Msunduzi Municipality) filed its discovery affidavit and the Plaintiff (Wood) filed its discovery affidavit. Therefore, the matter is ready for trial. The Plaintiff has taken no further steps	292 010	Not probable
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2012	Internal/Insurance	R 267 660.00 plus interest at 15.5 per cent per annum. An appearance to defend has been filed. The matter is ongoing.	635 441	Not probable
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2013	Internal	R8688.46 plus interest at 15.5 per cent per annum. An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	17 859	Not probable
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	R 124 734.50. Matter ongoing.	124 735	Not probable
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage.Ongoing.	0	Not probable
141	M.E. Mnguni/ Msunduzi Municipality	Action instituted to compel the Municipality to build a road under case number 10250/2014, out of the High Court, Pietermaritzburg	2014	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	No monetary claim. Matter has not been enrolled for trial as yet by the plaintiff.	0	Not probable
151	E. G. Alexander	Delictual Claim: The Plaintiff is suing the Municipality as a result of colliding with a pothole whilst cycling in the vicinity of Murray Road.	2014	Mdledle Inc. 187 Hoosen Haffajee Street Pietermaritzburg;3201; Tel 033 345 4022. 17 Prince Edward Street, PMB, 3201. Adv A Flemming 7 Prince Edward Street, PMB, 3201. Tel: 033 845 3539 . Email: aflemming@group1pmb.co.za	R83 499.16 plus interest at 15.5 per cent per annum.Matter postponed for Pre-Trial Conference. Awaiting date from Applicant.	148 597	Not Probable
163	Bermin Investments CC t/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R 170 100.69. This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 101	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F1 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, Advocate Anton Flemming	Action instituted against the municipality for R 31 487.02 but absolution from the instance granted in the municipality's favour. Costs still to be recovered.	31 487	Not probable
173	AJC White	Delictual Claim: The matter arises from plaintiff having fallen into an uncovered meter box in the vicinity of Flemming Street/Prince Alfred Street.	2015	Xaba Attorneys, 223 Boom Street, Central Office Park, PMB.tel: 0333457927, fax: 3456985, e-mail: dumixaba@xabainc.com / mail@xabainc.com	R100 000.00. Plaintiff's attorneys have withdrawn as attorneys of record. Plaintiff to set matter down for trial.	100 000	Not Probable
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	R12 935.00. An appearance to defend has been filed at court.	12 935	Not probable
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	R62 768.00. The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62 768	Not probable
226	Various Employees from Community Services (31)/ Msunduzi Municipality	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R350 000.00 claimed by each employee. The matter is ongoing.	10 850 000	Not probable
227	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R919 979.31. A summons has been received. An appearance to defend will be filed at court. Matter on-going.Matter settled.	919 979	Not probable
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim:The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	internal	summons were received in the amount of R 132 431, 96 were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132 432	Not probable
235	AMA-Grace Business Enterprises	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	The Plaintiff has claimed an amount of R59 042.52. Notices in terms of Rule 23 have been filed and served on the plaintiff.	59 043	Not probable
236	Philani Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	The plaintiff has claimed an amount of R 90 000. a plea has been filed and served on the plaintiff.	90 000	Not probable
239	Prethabran Govender	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of R R48 200.00 was received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48 200	Not probable
245	Electro Technical Agencies cc and Msunduzi Municipality/ Mohamed Shaik	Deductual Claim:The plaintiff is suing the Municipality for an incident wherein the Plaintiff's vehicle was allegedly involved in a collision with a Municipal driven by a Municipal employee in the course and scope of his employment.	2017	Internal	The plaintiff has claimed an amount of R 10 817.73.A notice to withdraw the action was received from the Plaintiff.	10 818	Not Probable
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	The Plaintiff has claimed an amount of R 21 862, 00. During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21 862	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F1 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2018</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at and quantum, where applicable	Amount	Probability of outflow
254	Zama Traffic Signals	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R1 076 846.01 plus costs of the application. We managed to successfully oppose the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	1 076 846	Not probable
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, advocate A. De Wet ,17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	R595 337.26 plus costs of the application. Costs and further legal fees cannot be quantified at this stage as the matter is ongoing.	595 337	Not probable
264	Lawrence Ngcobo	Town planning matter: contravention of the Planning and Development Act by running business in special residential area.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Order granted in favour of the Municipality.In process of recovering costs.	0	Not probable.
	Musa Edward Mthembu	Unfair Labour Practice relating to an application of a collective agreement. Before the Labour Court.	Apr-18	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	Arbitration on the 31st May 2018. Application for condonation – refused. Applicants are seeking re-instatement and compensation (Back pay) of R57 252.00 per annum from 1999. Municipality successfully opposed application for condonation. Matter finalised	1 087 788	Not Probable
	Deveng Africa Consulting (PTY) LTD and Municipal Manager, The Msunduzi Municipality/ The Msunduzi Municipality	Contractual Claim	2018 February	Tomlinson Mnguni James Attorneys, 12 Montrose Park Blvd, Victoria Country Club Estate- Office Park, 170 Peter Brown Drive. Tel: 033 341 9100, email: claudettep@tmj.co.za / noluthandod@tmj.co.za /tmj@tmj.co.za	R5 309 127.01. Exception raised and awaiting set down on opposed roll.	5 309 127	Not Probable
	Khuselani Security: Case number 4474/16	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	R14 660 993.31. This is a High Court matter. This matter was settled.	14 660 993	Not Probable
	NP Mbanjwa, N Dlamini, S Madlala case no.66/2015	Application in terms of the pie act : application for eviction	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za	No financial implication, Municipality ordered to furnish report or alternative accomodation.We proceeded to file the report as well as the affidavit opposing the contempt application and on 18 April 2016 the application for contempt of court was withdrawn by the applicant with each party to bear its own costs.	0	Not probable
Total						55 864 793	

THE MSUNDUZI MUNICIPALITY
APPENDIX F2
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
2	Kheswa v. Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2009	Internal	Ongoing.	35 470	Not probable
3	Orion Telecom v. Msunduzi Municipality	Contractual Claim: Plaintiff sued the Municipality for outstanding fees in terms of a contract.	2007	Internal	Plea filed. Plaintiff did not proceed any further.	115 237	Not probable
4	Nzaba IN v Msunduzi Municipality	Delictual Claim. The claim arises from a motor vehicle collision involving a municipal vehicle and Plaintiff's vehicle.	2008	File retrieved from Bhamjee Attorneys	Set down for trial was part-heard. Ongoing.	73 500	Not probable
5	Thuthugisa Contracting Enterprise v. Msunduzi municipality	Memorandum of Agreement Dispute. Plaintiff owed monies by the Municipality in terms of a contract.	2007	Internal	In court.	210 749	Not probable
6	Hampton College v. Msunduzi Muni	Delictual Claim. The claim arises from a dispute between Plaintiff and the Municipality on the validity of training courses provided by the Plaintiff.	2007	Afzal Akoo and Partners Tel: 033 394 7274 Fax: 033 345 0938. Physical Address 187 Boshoff Street, Pietermaritzburg, 3201. Postal Address PO Box 7836, Cumberwood, 3235. and Kruger Ngcobo Inc. Tel 031 306 4352 Fax: 031 305 4340 Physical Address 25 Field Street, Suite 1102, Durban Postal Address PO Box 49467 Qualbert 4078. and ADV Flemming Tel: 033 845 3576 Fax: 033 394 8374. Physical Address Advocates Chambers, Block B3 17 Prince Edward Street, Pietermaritzburg, 3201.	Part - heard. Ongoing.	85 470	Not probable
7	Chetty K. v. Msunduzi Municipality	Delictual Claim. The claim herein arises from a motor vehicle collision involving Plaintiffs vehicle and a Municipal vehicle.	2006	Internal	Ongoing.	26 170	Not probable
8	R. Terty v Msunduzi Municipality	Delictual Claim: The claim arises from a cremation that was allegedly not done correctly. The Plaintiffs are suing for the trauma they were subjected to.	2007	Insurance	Ongoing	50 000	Not probable
9	Terwolbeek PJ v Msunduzi Municipality	Delictual Claim: A water pipe allegedly causing flooding at Plaintiff's property and damaging his household appliances.	2008	Insurance	Ongoing.	1 121 620	Not probable
10	Govender RS v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2008	Internal	A discovery affidavit has been filed. The matter is ongoing.	75 000	Not probable
11	A and F Mall v Msunduzi Municipality	Disputed Electricity Account.	2007	Internal	Various correspondence exchanged between attorneys of record. The matter is ongoing.	17 181	Not probable
12	Mkungisa E v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee within the course and scope of his employment.	2007	Internal	Part-heard. The Defendant filed an amended plea (defence). The matter is ongoing.	6 213	Not probable
13	F. Osman V Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2007	Internal	A defendants plea has been filed. The matter is ongoing.	306 666	Not probable
14	Zulu TE v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle as a result of a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	8 709	Not probable
15	Rabikisoan R v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained during a fall on an uneven pavement on Relief Street.	2007	Internal	Ongoing.	20 000	Not probable

THE MSUNDUZI MUNICIPALITY
APPENDIX F2
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
16	Zuma NG v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2008	Internal	Correspondence exchanged between attorneys of record. The matter is ongoing.	100 000	Not probable
17	Van Straaten W(DR) v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2008	Internal	Ongoing.	96 401	Not probable
18	Majozi NV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Relief Street.	2007	Uys Matyeka Schwartz: Tel 031 312 2064 Fax: 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	Part-heard.CURRENT STATUS : This matter has been archived.	110 046	Not probable
19	Zondi PS v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2007	Internal	The matter is ongoing.	15 080	Not probable
20	Omarjee M. v Msunduzi Municipality	Delictual Claim: The plaintiff is suing the Municipality because of injuries sustained due to an act of assault by Municipal Traffic Officers in the course and scope of their employment.	2005	Internal	Settlement negotiations have been initiated. The matter is ongoing.	31 000	Not probable
21	Painter LV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to his vehicle after a tree had fallen on top of Plaintiff's vehicle.	2006	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	45 361	Not probable
22	Dladla G v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	2006	Internal	Further particulars were requested from Plaintiff. The matter is ongoing.	20 000	Not probable
23	Roelelse v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for injuries sustained due to a fall on an uneven pavement in Drummond Street.	2002	Internal	A defendant's plea was filed. The matter is ongoing.	41 033	Not probable
24	Premier of KZN v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to its property as a result of a tree that had fallen.	2003	Internal	Various correspondence exchanged between attorneys of record. Ongoing.	11 340	Not probable
25	Sulaiman R v Msunduzi Municipality	Delictual Claim: Plaintiff fell into a manhole when its cover caved in under her foot and sustained injuries.	1998	Internal	Pre-trial notices have been exchanged. The matter is ongoing.	50 000	Not probable
26	Haffejee RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2004	Internal	Ongoing	98 800	Not probable
28	Zondi M. v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for alleged unlawful arrest and detention by Municipal Traffic Officers.	2006	Internal	Matter set down. Part-heard. Unlawful arrest.	50 000	Not probable
35	Ngcobo RB v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2003	Internal	Matter ongoing.	11 375	Not probable
37	Mamusa Marketing v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after having been involved in a collision with a Municipal vehicle driven by an employee in the course and scope of his employment.	2007	Internal	The matter is part-head.	9 823	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F2 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
39	Ogilvie I v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality for injury caused by trenches on public road.	2006	Insurance	Ongoing.	166 161	Not probable
40	Ngcobo DV v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality on behalf of a minor child who was knocked by a bobcat tractor driven by a Municipal employee in the course and scope of his employment.	2007	Insurance	A Defendant's plea was filed. The matter is handled by external insurers.Ongoing.	1 800 000	Not probable
41	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	2 425	Not probable
42	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5 519	Not probable
43	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5 586	Not probable
44	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	1 721	Not probable
45	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	4 902	Not probable
46	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5 163	Not probable
47	Gavin's panel Shop v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	Plaintiff's attorney's of record withdrew.Matter held in abeyance.	5 506	Not probable
48	Naidoo Kogulan v Msunduzi Municipality	Delictual claim. Plaintiff suing the Municipality caused by having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	100 000	Not probable
49	Majozi HS v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for injuries sustained as a result of having fallen into an uncovered manhole.	2010	Internal	Matter is ongoing.	95 000	Not probable
50	Dlamini BM v Msunduzi Municipality	Delictual Claim: Plaintiff's minor child fell into an open trench/ drainage system and sustained injuries to their lower limbs.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	The matter is ongoing	300 000	Not probable
51	Bishop's roadworks v. Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2009	Internal	Appearance to defend has been filed. Matter is ongoing.	120 000	Not probable
53	Daljeeth Daljeeth v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality after he fell and sustained injuries due to certain steel rods that were protruding dangerously on the pavement.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	Matter is ongoing. Claimant is deceased and Plaintiff's Attorneys has no further instructions to proceed.	200 000	Not probable
55	Ngubane TT v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his property after a stream overflowed into his property as a result of municipal employee's negligence.	2010	Insurance	An assesment was conducted by an independent assessor. Matter is ongoing.	118 490	Not probable
58	Gayer Gail v Msunduzi Municipality	Delictual Claim: Plaintiff fell of her bicycle due to a collision with a pothol/ an uneven road surface.	2010	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	A defendant's plea has been filed. The matter is ongoing. CURRENT STATUS : Pre-Trial has been finalised. Merits have been conceded by the other side. Proceeding on Quantum alone. Pleadings have closed and the Plaintiff's Attorney's are applying for a Trial date. We therefore currently await a trial date to be allocated.	262 474	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F2 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
59	Selepe H v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2010	Internal	Ongoing.	5 189	Not probable
60	Mahlaba B o.b.o. Mahlaba AY v Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for a shooting incident that resulted in the death of a minor child. A municipal employee fired a shot whilst in the course and scope of his employment.	2010	Internal/Insurance	A letter of demand was received and sent to the Insurance Section for an investigation. The matter is ongoing.	1 000 000	Not probable
63	Reddy Ronald v Msunduzi Municipality	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2010	Internal	The matter is part-heard.	282 818	Not probable
65	Mavundla AB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for being allegedly unlawfully arrested and detained by Municipal Traffic Officers.	2010	Internal	A notice of application in terms of Rule 55 (A) has been received. Ongoing.	100 000	Not probable
66	Ngidi SS v. Msunduzi Municipality	Delictual claim. Plaintiff suing Municipality on behalf of a minor child for injuries caused by leaving electricity wires uncovered.	2010	Internal/Insurance	Ongoing.	2 200 000	Not probable
68	Mbatha BC v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2010	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	16 794	Not probable
74	Nondzanga Z. v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for allegedly confiscating his trolley and his goods subsequently going missing.	2011	Internal	Ongoing.	22 233	Not probable
75	Union Risk Management Alliance (PTY) LTD v. Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to its property as a result of a fire allegedly caused by electrical faults.	2011	External Insurance	A letter of demand was received and sent to external insurers. The matter is ongoing.	152 949	Not probable
76	Dladla NB v. Msunduzi Municipality	Overpayment of Rates. The Plaintiff is disputing a rates account and is seeking reimbursement.	2011	Internal	A defendant's plea has been filed. The matter is ongoing.	109 039	Not probable
83	KZN-Digi connect	Claim by contractor for payment for IT services allegedly rendered.	2012	Alwyn Volsum & Associates, 4 Geore street, Pietermaritzburg, 3201. james@kwelalaw.co.za. Fax:096 715 1379 Tel: 033 394 8116	Matter not being pursued by plaintiff.	505 000	Not probable
87	Joubert ML v. Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	2011	Internal	ongoing.	100 550	Not probable
91	Sayed J t/a Metro Taxis and yellow cabs v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for damages to his motor vehicle after it collided with a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	2012	Internal	A letter of demand has been received and sent to the Insurance Section for investigation. The matter is ongoing.	15 951	Not probable
92	Bishop's roadworks v. Msunduzi Municipality	Contractual claim. Plaintiff suing the Municipality in terms of a contract.	2012	Internal	Ongoing.	32 549	Not probable
95	Govender K v. Msunduzi Municipality	Delictual Claim: Plaintiff is suing the Municipality for unlawful arrest and detention by Municipal Traffic Officers.	2012	Uys Matyeka Schwartz Attorneys; Tel 031 312 2064 Fax 031 304 2379. Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	A Discovery affidavit has been filed. The matter is ongoing. CURRENT STATUS : This matter is dormant and the last activity was in 2013. Therefore, we have archived our file.	180 000	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F2 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
97	Check One Supermarket (PTY) LTD v. Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality for overcharges in relation to a water account.	2012	Internal	Ongoing.	139 961	Not probable
101	Smith JC v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages sustained to her vehicle due to colliding with a pothole.	Dec-12	Internal	The matter is part-heard.	17 848	Not probable
104	Mkhonza B. v Msunduzi Municipality	Delictual claim. Plaintiff is suing the Municipality due to a fall on an uneven pavement slab.	Oct-12	Internal	Ongoing.	293 000	Not probable
106	Ibrahim M. v Msunduzi Municipality	Delictual Claim against the municipality initiated by plaintiff seeking compensation from the municipality for alleged losses incurred. Claims are dealt with by insurance section. Plaintiff's claim based on the alleged negligence.	Apr-13	Internal	Ongoing.	7 000	Not probable
107	Bukus HM v Msunduzi Municipality	Delictual Claim: The claim arises from a motor vehicle collision involving Plaintiff's vehicle and a Municipal vehicle driven by an employee in the course and scope of his employment.	May-13	Internal	Ongoing.	17 270	Not probable
109	Wood DM v. Msunduzi Municipality	Delictual Claim: The Plaintiff sustained injuries due to a fall caused by an uneven pavement.	Oct-12	Uys Matyeka Schwartz Attorneys: Tel 031 312 2064 Fax 031 304 2379, Physical Address Suite 301 Nedbank Centre. Postal Address PO Box 1328, Durban, 4000.	The Defendant has filed an amended plea. The matter is ongoing. CURRENT STATUS : Pleadings closed in November 2014. The Defendant (Msunduzi Municipality) filed its discovery affidavit and the Plaintiff (Wood) filed its discovery affidavit. Therefore, the matter is ready for trial. The Plaintiff has taken no further steps	123 000	Not probable
110	Ramharak RJ v Msunduzi Municipality	Delictual Claim: The Plaintiff is a Municipal employee. He is suing the Municipality because he was assaulted by a fellow employee within the premises of the Municipality whilst they were in the course and scope of their employment.	Nov-12	Internal	Pre-Trial notices have been exchanged. Ongoing.	300 000	Not probable
111	Ogle COO v Msunduzi Municipality	Delictual Claim: Plaintiff fell on an uneven pavement and sustained injuries.	Dec-12	Internal/Insurance	An appearance to defend has been filed. The matter is ongoing.	300 000	Not probable
113	Makhaye SB v Msunduzi Municipality	Delictual Claim: The Plaintiff is suing the Municipality for damages to his vehicle after a collision involving his vehicle and a Municipal vehicle driven by a Municipal employee in the course and scope of his employment.	Mar-13	Internal	An application to dismiss was received and opposed. Various correspondences exchanged between attorneys of record. The matter is ongoing.	8 688	Not probable
114	Transnet (PTY)LTD v Msunduzi Municipality	Delictual claim. The claim arises from a motor vehicle collision involving a municipal vehicle and the plaintiff's vehicle.	Mar-13	Internal	Ongoing.	48 409	Not probable
115	Ngcobo NP v Msunduzi Municipality	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	Apr-13	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation.Ongoing.	1 639	Not probable
116	Barnard S. v. Msunduzi Municipality	Delictual Claim: The claim arises from a power surge claim where Plaintiff's goods were damaged.	Feb-13	Internal	A letter of demand has been received and sent to the insurance Section for an investigation.Ongoing.	8 370	Not probable
117	Karim S. v. Msunduzi Municipality	Disputed Account for electricity and Rates. Mr Karim claims that he has sold the property.	Sep-12	Internal	A letter of demand has been received. The matter is ongoing.	4 212	Not probable
123	I. Hansa	Delictual Claim: Plaintiff fell into an uncovered manhole in the vicinity of Mountain rise.	2013	Internal	A letter of demand has been received and sent to Insurance Section for an investigation. Ongoing. A summons was issued in November 2015. The matter is being defended internally.	21 395	Not probable

<p align="center">THE MSUNDUZI MUNICIPALITY APPENDIX F2 SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017</p>							
NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
124	Y. Maharaj	Delictual Claim: A power surge caused damage to Plaintiff's household appliances.	2013	Internal	A letter of demand has been received and sent to Insurance for an investigation. Ongoing.	30 925	Not probable
125	V. Maharaj	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	20 497	Not probable
126	N.I. Dlamini	Delictual Claim: Plaintiff's vehicle sustained damages due to colliding with a pothole.	2013	Internal	A letter of demand has been received and sent to the Insurance Section for an investigation. Ongoing.	1 013	Not probable
129	CDK Investments Trust CC	Electricity Disconnection Acc number 2915243. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage. Ongoing.		Not probable
130	CDK Investments Trust CC	Electricity Disconnection Acc number 2976214. The Plaintiff is disputing the disconnection.	2013	Internal	Costs cannot be quantified at this stage. Ongoing.		Not probable
133	ABI Soft Drinks Division	Rates Recovery: The Plaintiff is disputing a rates account and is seeking reimbursement.	2014	Internal	A letter of demand has been received and various meeting held with the Billing Section. Ongoing.	125 838	Not probable
136	Transnet/ Occupiers of Woodlands and Msunduzi Municipality	Application for eviction of illegal occupiers from railway sidings. Msunduzi a party because it previously agreed to move occupiers. Social survey now completed. Application for funding to relocate the occupiers made to DOHS.	2013	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Advocate Moodley	Costs if unsuccessful and costs of relocation. Matter on-going and building has commenced. Costs and further legal fees cannot be quantified at this stage.		Not probable
142	Gonal Construction CC	claim for breach of contract for non-payment	2014	Internal	Ongoing	901 119	Not probable
146	Mabusi Contractor	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2014	Internal	The plaintiff issued a letter of demand against the Municipality for monies owed in terms of a contract. The matter has been referred to the relevant departments for a response. The matter is ongoing.	8 000 000	Not probable
148	Telkom SA SOC LTD/ Msunduzi Municipality (127 Waterwork Road-Edendale) Case No. 13903/2015	Delictual claim: The plaintiff is suing the Municipality for damages to its underground cables allegedly caused by Municipal water pipes.	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail: adickson@law.co.za	The matter is ongoing. Awaiting judgement in another case.	74 804	Not probable
157	Farouk Jasat N.O & 3 others/ Msunduzi Municipality	Delictual Claim for damages: Plaintiff's motor vehicle collided with a pothole on Scania Road Intersection. Action instituted in the Magistrates Court under case number 2219/2015	2014	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za	matter being defended. Pre-Trial Notices have been exchanged.	54 589	Not probable
163	Bermin Investments CC v/a Magalela electrical	Contractual claim. Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	This is a claim arising from a contractual dispute. The claim is being defended and an appearance to defend as well as a defendant's plea have been filed.	170 101	Not probable
166	Lloyd Mentory/ Msunduzi Municipality	Delictual Claim for damages: The plaintiff is suing the Municipality for damages as a result of his motor vehicle having collided with a pothole in the vicinity of Otto's Bluff Road.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Advocate Anton Flemming	The matter is ongoing.	31 487	Not probable
176	Southern African Music Rights Organisation/ Msunduzi Municipality	Breach of contract in terms of copyright laws. Action instituted in the Magistrates Court under case number 5701/2015	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel: 033 940 1497, fax: 0862428747, e-mail: mail@mfilaw.co.za, Advocate V. Moodley	Matter is ongoing.	170 265	Not probable
188	Moosa Omar	Debatement of Electricity Account.	2015	Xaba Attorneys, 251 Church Street, Suit 201, 2nd floor, Fedsure Building, Pietermaritzburg, 3200, tel: 0333457927, fax: 0333456985, cell: 0720390353, e-mail: dumixaba@xaba-inc.com	Debatement meeting took place. Finance to interrogate services account and advise on correctness. Matter ongoing		Not Probable

THE MSUNDUZI MUNICIPALITY
APPENDIX F2
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017

NO.	MATTER	MATTER TYPE	YEAR INITIATED	ATTORNEY/ADVOCATE INSTRUCTED	Current status as at 31 July 2017 and quantum, where applicable	AMOUNT	PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES
195	Belinda Lisa Bramdaw	Interdict: To prevent the Municipality from disconnecting electricity.	2015	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv R Padayachee SC Tel: 033 845 3546 Fax 033 394 5744 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Opposing papers have been filed and awaiting applicant to file responding papers to set matter down. Matter ongoing.		Not probable
197	Anthoo Marion and Associates	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2015	Internal	An appearance to defend has been filed at court.	12 935	Not probable
222	Ilitha Research and Management CC	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Internal	The summons was issued in the Magistrates Court. Further particulars were sought from ICT and an appearance to defend has been filed. The matter is ongoing.	62 768	Not probable
226	Various Employees from Community Services (31)/ Msunduzi Municipality	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	The matter is ongoing.	10 850 000	Not probable
227	Bigen Afrika Services (PTY) Ltd.	Contractual Claim: The Plaintiff is suing the Municipality for monies owed in terms of a contract.	2016	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za,	A summons has been received. An appearance to defend will be filed at court. Matter on-going.	919 979	Not probable
234	Mr Mduduzi Collen Sosibo, Mrs Sosibo	Delictual Claim:The plaintiff is suing the Municipality in respect of rates, taxes and services owed by the previous owner of the property.	2016	internal	summons were received from the plaintiff. Discovery notices have been filed and served on the plaintiff.	132 432	Not probable
235	AMA-Grace Business Enterprises	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered damages as a result of a burst pipe which then allegedly caused damage to the plaintiff's property.	2016	Internal	Notices in terms of Rule 23 have been filed and served on the plaintiff.	59 043	Not probable
236	Philani Kenneth Sikhosana	Delictual Claim: The plaintiff is suing the Municipality for damages incurred as a result of the alleged failure of the defendant to keep the Hall in good condition for the Plaintiff's event on time.	2016	Internal	A plea has been filed and served on the plaintiff.	90 000	Not probable
239	Prethabran Govender	Delictual Claim:The Plaintiff is suing the municipality for an incident wherein the municipality allegedly caused damages to the properties of eight tenants as a result of a power surge.	2016	Internal	A summons in the amount of were received. A Notice of Exception in terms of Rule 19 (1) to Plaintiff's Particulars of claim has been filed in court and served on the plaintiff	48 200	Not probable
244	Elizabeth Fredrica Jepson and The Msunduzi Local Municipality	Delictual Claim:The Plaintiff is suing the Municipality for an incident wherein Plaintiff allegedly tripped over the pavement and was injured.	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	During the month of March, an Appearance to Defend was filed in court and served on the Plaintiff. Possible settlement.	545 540	Not probable
250	Qalapha Jacob Ngubane and Msunduzi Municipality	Delictual claim:The Plaintiff is suing the municipality for an incident wherein Plaintiff allegedly suffered a loss as a result of a power outage which resulted in a power surge.	2017	Internal	During the month of May 2017, and Appearance to defend was filed and served on the Plaintiff.	21 862	Not probable
252	Telkom SA SOC LTD/ Msunduzi Municipality (Zwartkop, Blackridge) Case No. 15793/2015	Delictual claim: Plaintiff is suing the Municipality due to damage to its underground cables allegedly cause by Municipal water pipes.	2015	Matthew Francis Inc. Suite 4, 1st Floor, Block A, 21 Cascades Crescent, tel 033 940 1497, fax: 0862428747,e-mail:mail@mfilaw.co.za, Adv AJ Dickson, 17 Prince Edward Street, Advocate's Chambers, tel: 38453542/3, fax: 38453544, e-mail:adickson@law.co.za	Costs and further legal fees cannot be quantified at this stage as the matter is ongoing. Awaiting judgement in another case.	25 555	Not probable

THE MSUNDUZI MUNICIPALITY
APPENDIX F2
SCHEDULE OF CONTINGENT LIABILITIES AS AT 30 JUNE 2017

<u>NO.</u>	<u>MATTER</u>	<u>MATTER TYPE</u>	<u>YEAR INITIATED</u>	<u>ATTORNEY/ADVOCATE INSTRUCTED</u>	<u>Current status as at 31 July 2017 and quantum, where applicable</u>	<u>AMOUNT</u>	<u>PROBABILITY OF OUTFLOW OF ECONOMIC RESOURCES</u>
254	Zama Traffic Signals	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	Matter is ongoing.	1 076 846	Not probable
255	Msunduzi Municipality/Gubela Trading	Contractual dispute: Applicant sought an order to review the Municipality's decision to cancel a contract of services.	2015	Matthew Francis Inc.Suite 4, 1st Floor, Block A, 21 Cascades Crescent,tel033 940 1497, fax:0862428747,e-mail:mail@mfilaw.co.za, advocate A. De Wet, 17 Prince Edward Street, Advocates' Chambers, tel: 0338453534, fax: 033-3428941,e-mail:dewet@group8.co.za	The matter is ongoing.	595 337	Not probable
256	Various Employees from Community Services (8)	Delictual Claim: Plaintiffs are suing the municipality for alleged assault that took place during an unprotected strike.	2016	Internal	Letters of demand received	2 900 000	Not probable
304	SAMWU	Labour Dispute	2017	Diedricks Inc Tel: 033 342 9808 Fax: 086 219 1672 Physical Address: 90 C Roberts Road, Clarendon, Pietermaritzburg. PO Box 50, Pietermaritzburg, 3200 and Adv Deon Schaup 033-8453501 Address Advocates Chambers Block A1, 17 Prince Edward Street, Pietermaritzburg, 3201.	Risk. Settlement of Risk Allowance and legal fees estimate		Not probable
TOTAL						38 970 191	